

**INCREMENTAL DEVELOPMENT SCHEMES:
AN EVALUATION OF LAND TENURE OPTIONS IN KHUDA KI BASTI,
HYDERABAD**

by

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ABSTRACT

This thesis evaluates the opportunities and pitfalls of partnerships between the state and illegal subdividers, in the development of land for the poor. Illegal subdividers, also known as dalals in the subcontinent, have for the last decade been the predominant suppliers of land for the poor. They have been most successful in channeling unclaimed or disputed public and private land for the poor through petty commercial subdivision.

The Incremental Development Scheme, in Hyderabad, Sindh, was an experimental initiative by the Hyderabad Development Authority (HDA), that responded to the concern that land delivery to the poorest is decreasing in even such illegal sub-markets, caused by growing scarcity of land and burgeoning demand. Along with phasing land development costs, the agenda of the scheme was to combine the marketing and development experience of dalals, with state projects targeting the poor.

This thesis investigates i) the positive and unique contributions of the alliance between the state and dalals that overcome barriers to traditional state or subdivider developed schemes, ii) the factors affecting tenure security for users and dalals, iii) the feasibility of land and housing policies targeting the poorest exclusively, iv) the physical layout implications of incremental development schemes.

While it is not possible to comprehensively estimate the costs and benefits of joint development by the market and the state, the Incremental Development Scheme achieves three significant results that are likely to have important bearing on future policy. First, the combination of tenure and procedural restrictions was instrumental in encouraging new owner-occupiers over owner non-occupiers. This is a valuable insight into techniques of controlling rampant speculation. The second unique achievement of the scheme was that it was able to sustain access for the poorest even when the project had matured and was desirable to higher bidders. Lastly, the Incremental Development Scheme successfully lead development on the urban fringe, perhaps a future prototype of state guided urban growth.

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My parents, and my family for their love.

The first person who, having fenced off a plot of ground, took it into his head to say *this is mine* and found people simple enough to believe him, was the true founder of civil society

Rousseau, J.J., The First and Second Discourses

Ideas are cheap. The value is in their implementability.

Singh, Mahendrajeet, The Design of Red Star

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Chapter I

INTRODUCTION

Amongst the most pressing problems of rapidly growing cities in developing countries, is the growing shortage of affordable land. The inability of both state and market mechanisms to adequately meet the burgeoning demand, has sparked a debate about whether the state should act as a developer or remain an enabler of the (informal) market. Historically, the failure of sites and services schemes, and the subsequent success of illegal commercial land subdivisions, provided the justifications for the withdrawal of the state from direct land development. Increasingly, the expanding demand for land for the poor was left to be met through the illegal petty commercial subdivision of unclaimed public or private land. The role for development agencies was limited to the provision of essential infrastructure and legal title. Indeed researchers have argued for active support of such sub markets, that by non-conformity to planning standards and laws regarding land transactions, have been able to provide access to the poorest. This argument suggests that the future role of the state should be to further enable the market by removing administrative and financial barriers for producers, and opening of new land for development (Gilbert 90).

On the other hand, the decreased effectiveness of informal subdivisions in targeting the poor, has caused the consideration of a more active direct role for the state. First, as land has got scarce, investigators have noticed the infiltration of demands of higher income groups, both for speculation and use, into illegal sub-markets that previously served the poor (Doebele 87). The argument suggests that the increased costs due to scarcity are passed on disproportionately to the poorest. Second, improvements in tenure security, location and layout, have reduced the uncertainties of living in illegal settlements which had previously rendered them more affordable than formally provided land (Durand-Lasserve 90). Thirdly, in addition to the displacement of the poorest, the network of patronage and power brokering between illegal subdividers and politicians on the one hand threatens the authority of the state, and on the other increases the probability of coercion of beneficiaries

(Linden 92: 53, Schoorl et al 83). Lastly, the literature notes the lost opportunities and increased costs of post-facto upgrading, of uncoordinated and randomly located illegal subdivisions (Doebele 83, Baross 90). A more proactive prescription for the state recognizes the opportunities and limitations of the present form of land delivery, and the diminishing control and initiative of planning agencies. One method calls for formalizing the informal land delivery process, by the state mimicking the positive features of commercial land subdivision in state managed land delivery (Baross 90, Ward 90, Steinberg 90, Linden 89, Hasan 90).

In this thesis, I will evaluate one of the first cases where a serious effort was made by a development agency to incorporate features of informal subdivision processes into its implementation strategy-- the Incremental Development Scheme (IDS) of the Hyderabad Development Authority (HDA), in Sindh, Pakistan. Empowered to act flexibly, the HDA planned to both learn from, and work with developers of informal settlements, to fulfill its own agenda of selectively targeting the poorest households (belonging to the lowest tenth percentile of income). Renamed Khuda ki Basti by its inhabitants, the IDS case reveals the opportunities and limitations of the state's attempts to insert itself into the fragile and opportunistic mode of illegal subdividing. As predicted by Tasneem Siddiqui, the director of the HDA, the very process of collaboration caused the HDA to share its authority with the dalals it hoped to formalize. In general, more accurately, the outcome of the experiment was a case of dalals (informal developers) informalizing the formal transacting of the HDA rather than the other way around.

I will argue that the outcome of the IDS suggests mixed results. The IDS experience illustrates that the inclusion of dalals in a formal state controlled process is not a panacea for housing the poor. On the other hand, given the limited options available in HDA's circumstances, the IDS does define channels along which bargaining and negotiation between different actors in the process might occur in the future. Another important lesson from the case is that the altering circumstances along the path of development require the state to be able to modify and revise its own goals and strategies continuously.

This paper is based on secondary material collated through a series of researches on the project.² While previous cases have judged the project in aggregate terms, my intention is

¹Urdu for "God's Own Settlement".

²The primary material consists of a HDA documentation by Siddiqui, 1988, a case study by Van der Linden in 1989, an evaluation report by Arif Hasan in the following year, Adnan Aliani's report for UNCHS,

to understand the transformation of state agendas through the implementation of the project, in order to indicate the features of the project that the state might be expected to improve upon in the future. What were the relatively more successful aspects of the scheme? Is the project worth it?

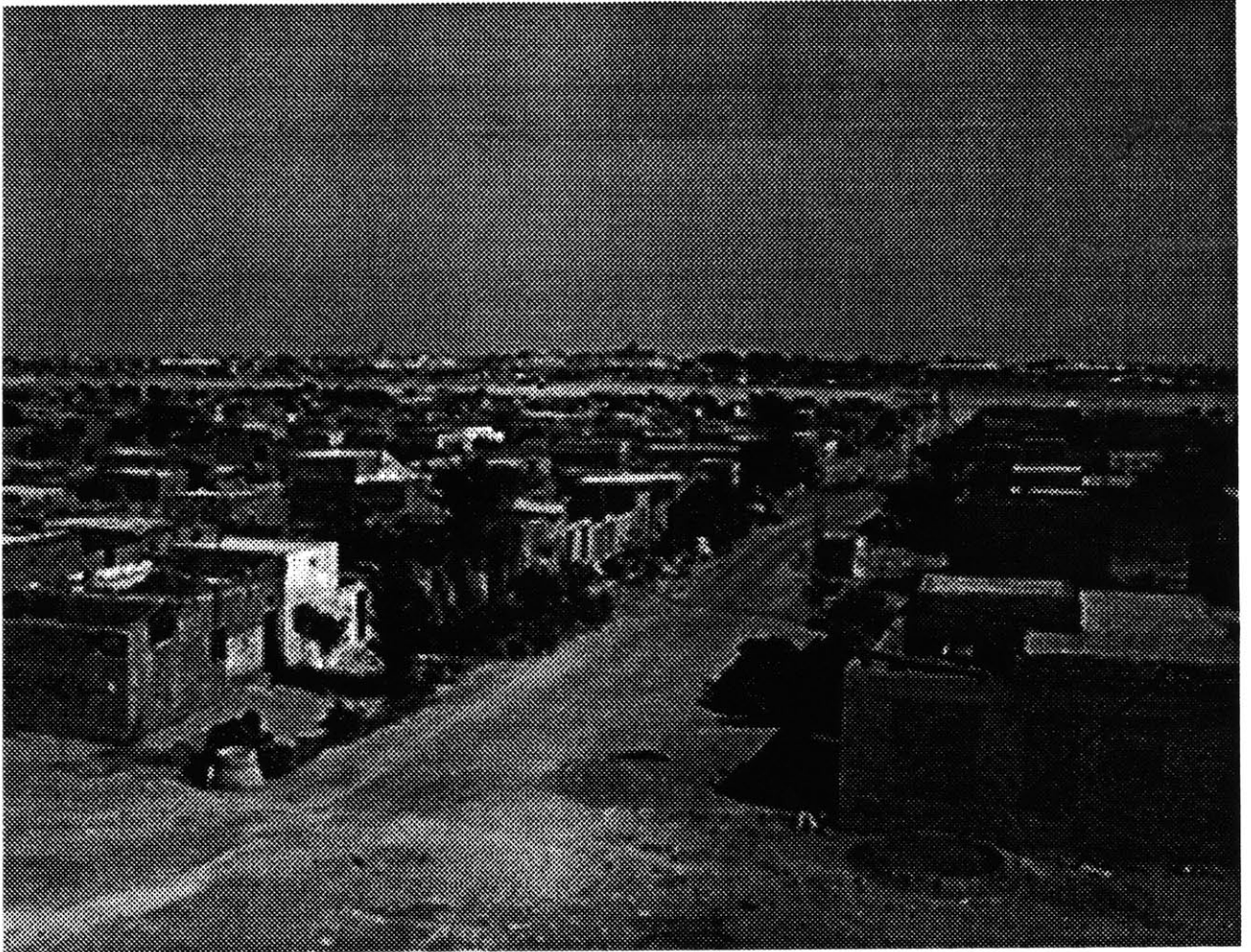
In the remainder of this chapter, I will introduce the context and assumptions behind the formulation of the goals for the IDS, and will compare them with those of conventional sites and services schemes. I was surprised to see that the effectiveness of the HDA to control and implement the project differed dramatically in the land development phase and the phase of incremental infrastructure delivery. The structure of the thesis is intended to separate these two phases.

In Chapter II, the focus will be on a detailed recounting of the interactions between the HDA and dalals (developer/ subdividers). I will argue that informal subdividers and the state have continuously changing incentives to cooperate or compete with each other, and that their respective goals may or may not coincide. This chapter will describe chronologically the evolution of implementation mechanisms necessitated by different stages of land delivery in the four sectors of the scheme. I will illustrate the inability of the state to either disengage or control dalals to remain accountable, once they have been included in the development process. On the other hand, this chapter will investigate the positive and unique contributions of the alliance between the state and dalals that overcome barriers to traditional state or subdivider developed schemes.

Chapter III relies upon two beneficiary surveys conducted three and four years after the initiation of the IDS³. In the first of three sections, I will assess the outcomes of the IDS with respect to the targeting criteria initially formulated by the HDA. The second section in this chapter examines the characteristics of user participation, and the barriers to formation of beneficiary organizations around demonstrated needs for incremental infrastructure provision. The concluding section of chapter III highlights the reasons for the failure of the HDA to retain control over beneficiaries by merely restricting tenure. In this section, I take a broader look at what factors affect tenure security for users and dalals. I argue that the management of tenure security entails the provision of amenities that enable the use of the site by the beneficiaries.

1991, and a chapter from Akhtar Badshah's Phd dissertation, MIT, 1992, besides several shorter articles in newspapers and journals. (Refer bibliography).

³Van der Linden, 1989, and Arif Hasan, 1990.



1. Khuda-ki-Basti: Aerial View

In conclusion, Chapter IV, recasts the shortfalls and achievements of the project, identified in preceding chapters, in terms of their replicability. In the penultimate section, I examine the opportunities, pitfalls, and alternatives of adopting a policy of land subsidies for the poorest. Questions for future inquiry are posed. Critical to the relevance and implementability of land development on the urban periphery is the realization that the state cannot and perhaps should not expect to restrict its beneficiaries to a particular sub-market. Instead, it should explore the possibility of coordination of incentives of different actors in the process. The final section in this chapter explores the physical implications of the institutional parameters of the scheme.

HDA's Rationale for Working with Dalals

Rampant speculation and the acute shortage of land for the poor, prompted the Hyderabad Development Authority (HDA) to launch an experimental project whose agenda and implementation approach was derived from an assessment of the characteristics of informal settlements in Karachi and Hyderabad, as well as HDA's own earlier failure with sites and services schemes. The HDA sites and services projects were criticized for being insignificant gestures in the face of high demand, for not having reached the target group, and for their limited replicability.

On the other hand, Siddiqui, the director of the HDA, observed that informal "commercial" subdividers (dalals) were the only providers of low income shelter in Hyderabad. Characteristically, dalals were able to develop affordable shelter on encroached land without paying for the land itself. Other methods for reducing entry costs already used by illegal subdividers in Hyderabad included a practice of cross-subsidizing of plots for the poorest, by "banking" land for speculation (Siddiqui 1988: 7). Also, the costs of services were deferred by the dalal in anticipation of government upgrading, thereby further minimizing costs.⁴

Unlike informal subdivisions, HDA bureaucratic procedures typically required applicants to wait (sometimes for years) before a plot was allotted to them. On the other hand, it was in the interest of dalals to settle users immediately, because the bulk of the profits accrued on

⁴The costs of upgradation are usually borne by the government in return for the political support of constituencies that live in these settlements. Further, in anticipation of upgradation, subdividers divide the site in a grid-iron layout to facilitate the provision of infrastructure.

the appreciated value of land reserved for sale after the settlement was inhabited.⁵ The HDA hoped to use this marketing and implementation incentive of the dalals. In addition, the HDA agenda was enlarged to provide credit and building services (in conjunction with access to land), because they contributed to the successful record of the dalals. Another set of justifications for mimicking the informal sector was based upon the incentive to recover land costs. Hasan observed that nearly 60% of the end costs to the user was made up of bribes paid by the subdivider to enforcement agents, and another 20% consisted of the dalals profits. The HDA felt that by controlling the land delivery itself, it could lower these costs for the user by eliminating most of the transaction costs incurred by dalals. In addition, by directly distributing plots, HDA could simultaneously recover the raw land costs from the allottees.

In sum, The HDA argument in favor of targeting the poorest was that they were priced out of the bidding for land because all land that came into the market was immediately speculated upon by more “powerful” interests. The HDA wanted to protect the users from coercion and manipulation of users by dalals, and rising rents in illegal settlements⁶. I speculate that the experience of the Orangi Pilot Project, in Karachi, were important in kindling the equity concerns of the HDA.

HDA’s challenge was to co-opt the dalal’s initiative, and simultaneously achieve targeted development through the control of speculation

⁵Plots to widows and other disabled are given free to settle people as quickly as possible (Badshah 1992: 253).

⁶The average rent in informal settlements for a single room with utilities is Rs. 293, about a third of the lowest tenth percentile household income (Linden 89).

Chapter II

INTERACTION WITH DALALS IN LAND DELIVERY

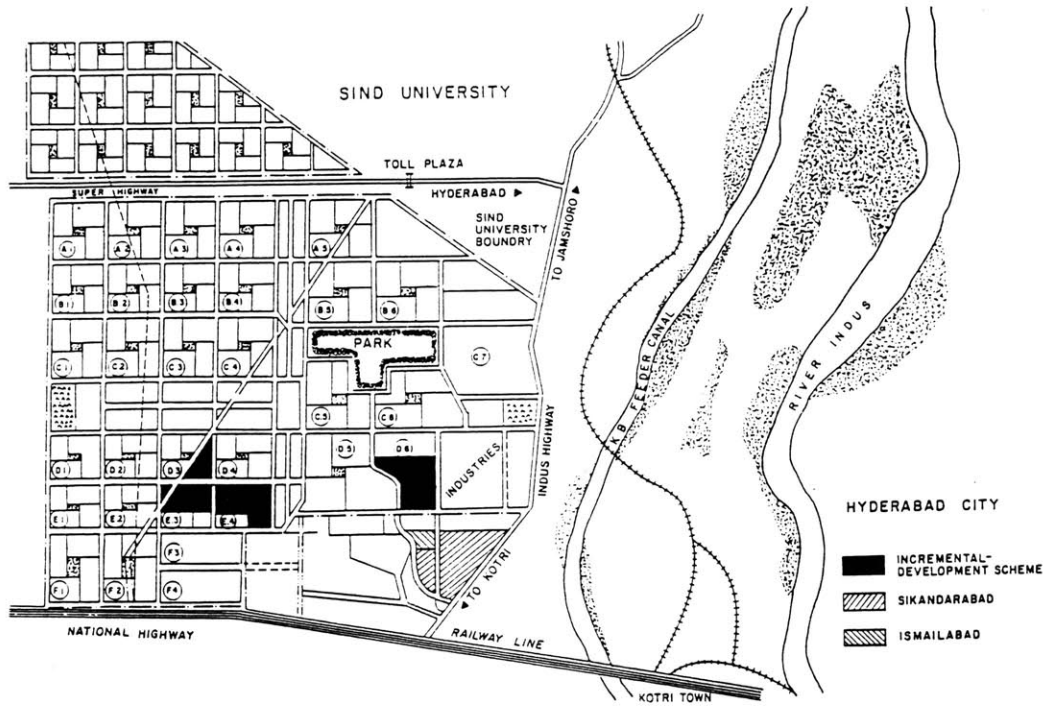
Beneficiary Selection : Evolution of the Policy

The process of beneficiary selection stands out in the IDS project as compared to its conventional Sites and Services predecessors. On the surface, it is the most direct intervention by the HDA on the market distribution of land. The concept of beneficiary selection is to avoid speculation by allotting land to poor users who demonstrate their need. In the IDS, individuals of higher income groups were to be deterred by a requirement to reside in the reception area which was undesirable and demeaning to them. It is interesting however that the HDA mostly found itself reacting to professional speculators (like illegal subdividers and local politicians), in the same way as it might with private interests in the “formal” sector.

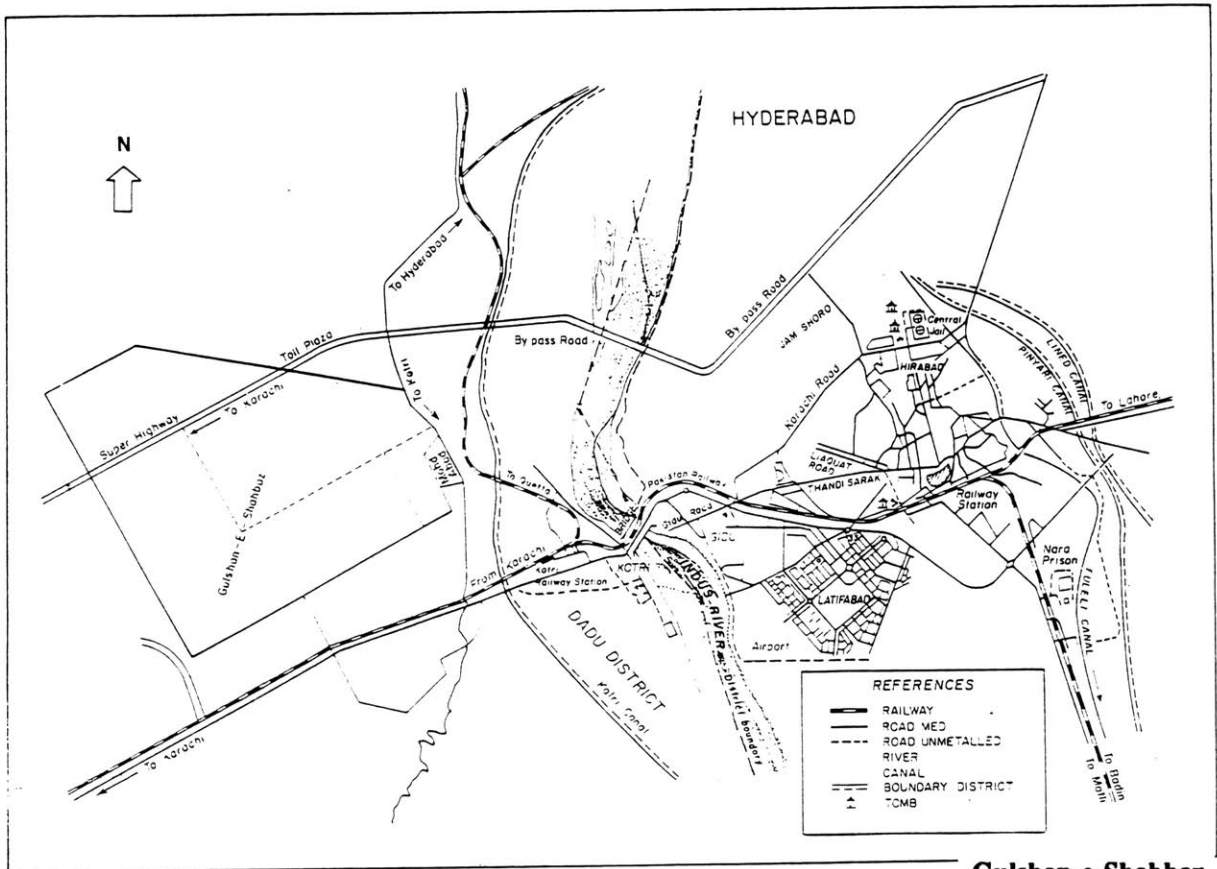
As already noted earlier, the implementation strategy and goals for the IDS evolved with the experience gained in each phase of development. The Incremental Development Scheme is made up of four sectors of equal size⁷, D-6, E-4, E-3, and D-3, executed in that order. Also, in terms of beneficiary selection, the entire project can be understood to have emerged in three stages. The earliest stage, sector D-6, resembled a conventional Sites and Services approach. Services were to be provided incrementally as the beneficiaries were able to pay for them. Like the Sites and Services concept, the HDA set out to award immediate freehold title to its beneficiaries in a bid to give security of tenure, which in turn was supposed to encourage users to invest incrementally, first in the betterment of their properties, and later in shared infrastructure. The selection procedure for the first stage was that HDA invited local political leaders and social workers from neighboring squatter

⁷Each sector had an identical gridded layout plan and occupied the same area with between 700 and 800 equal sized plots. The four sectors, together known as the Khuda ki Basti, Incremental Development Scheme, were part of the low income housing component of the 52 sector Gulshan-ai-Shahbaz scheme.

CONCEPT PLAN GULSHAN-E-SHAHBAZ, SHOWING THE LOCATION OF THE INCREMENTAL-DEVELOPMENT SCHEME



Hyderabad



Gulshan-e-Shahbaz

2. Site Plans

settlements to identify deserving applicants. However, this strategy also invited subversion by the same “local representatives”.

During HDA’s early attempts, households did not settle in Khuda ki Basti, although - or should we say because?- they had been identified by councilors and ‘social workers’ as the ones eager to go and live in HDA’s scheme. (Linden 89: 15)

The failure of Sector D-6, led to the development of sectors E-4 first, and later E-3, where the HDA had to reconsider its ability to monitor infringement of speculators from both within and outside the project. In this second stage, the HDA officially engaged a dalal as a middleman to select allottees on their behalf. Also, in a bid to extend its ability to eliminate those applicants that did not comply with guidelines, the HDA delayed the awarding of title to the selected beneficiaries. Sector D-3 represents the final stage of evolution of the scheme. Finding that its selection criteria still left loopholes which the dalals took advantage of, the HDA set up a reception area, where applicants were monitored closely before being allotted a plot on the same restricted terms developed in the second stage.

This chapter describes the role of the principal actors (the HDA, dalals, leaders and social workers, and beneficiaries) in the shaping of the objectives and implementation strategies of the scheme. I relate the critical instances and circumstances where one or all of these actors transformed the scheme’s targeting process and policies.

Stage I, Sector D-6: *Breaking the development deadlock*

In the earliest phase of IDS development, in sector D-6 in 1986, the HDA requested local councilors, and social workers⁸ operating in squatter settlements in the nearby Kotri industrial area to help identify families who lived there but did not own any property themselves. The HDA rationale was that local community leaders and subdivides had access to poor users living in areas similar to the IDS. The HDA felt that “local leaders” would be able to identify deserving candidates in their localities better than HDA staff based on the following criteria (Hasan, 90):

i) Selected applicants own no other property elsewhere. (Applicants were required to fill

⁸The so called social workers were usually self appointed and used this designation to further personal goals. Social workers were usually building contractors in the informal settlement, and also traded in petty patronage (Linden 89: 15).

an affidavit to that effect when they made their formal application, along with a photocopy of the household head's National Identity card.)

ii) The selected beneficiaries be actual residents of the neighboring settlement (of the 'leaders') and not false applicants living elsewhere. (The HDA was aware that proximity to jobs was an important criteria for low income people⁹.)

iii) Only heads of families (not individual bridge-headers) living on less than 120 sq. ft. of land were eligible to apply.

HDA's initial selection process failed to reach the target income group in Sector D-6. The HDA gave each selected applicant title upon receiving a down payment, and required them to build a house within one year. The beneficiaries had little problem with coming up with the down payment of Rs.460 (or the following installments). Only twenty of the three hundred allottees, however, actually honored their commitment to build and live on the site. The applicants tended to be employed near or in the adjacent industrial area, Kotri, and returned to living near their place of employment after they had possession of the plot. Once the freehold title had been received, the allottee was under little obligation to acquiesce to HDA regulations. The requirement to build within one year, had been subverted by the very "social workers" and leaders the HDA had conferred with.

The HDA conclusion that immediate distribution of titles had allowed speculation to occur was probably correct. Hasan's survey in 1990 shows that of all residents in the IDS, those of this sector were the richest, belonging to the lower-middle income group (Hasan 90: appendix 3/4). Only 30% were resident owners, and a majority of the owners in 1990 had bought their plots on resale¹⁰. It would be appropriate to point out however that only 15% of the owners surveyed in 1990 had purchased their plot directly from a dalal. Though the actual number of respondents to the question- who the plot had been purchased from- is

⁹The outcomes of the tradeoff between cheap land at the urban periphery and proximity to jobs (usually at more expensive locations in the center of the city) may be an important indicator of the range of choices available to different actors. While the choice for the fresh (bridge-header) migrant is constrained by opportunities for entry into the job market, most development agencies are constrained by the unavailability of cheap land in the center of the city. In the IDS, the HDA was attempting to ensure that the selected applicants had already made the choice to live at the periphery of the city, at a similar location. Hasan's survey records that IDS users were spending at least 20% of their income on transportation, even when the government (SRTC) buses had been augmented by private vans.

¹⁰Though all the plots had been sold by the HDA in 1986, Hasan's survey shows that 70% of the owners (in 1990) had actually bought their plots in the two years (1987, '88) following. From 1989 onwards, the turnover rate had dropped dramatically, with only 5% of the residents buying plots '89 and '90.

small¹¹, the above figures are an indication that not all plots had been speculated upon by professional speculators alone. Nearly one quarter of the lots had been resold by the original allottees, who had no need to stay in Khuda ki Basti themselves. Beneficiary selection in sector D-6 was therefore not only subverted by professional speculative interests like those of dalals, but more importantly failed to identify truly needy users (who had no other alternative to locate.) Consistent with other indicators of relative affluence, the density (of occupied plots) in D-6 (5.6 persons/plot) is the lowest amongst all sectors of the IDS (7.00-7.86 persons/plot). Without power to enforce its selection rules, the HDA requirements had become an ineffective wish list.

By 1990, when the survey was conducted, many permanent two storeyed houses were constructed though several remained empty throughout the Khuda ki Basti. Hasan's study indicates that prior to coming to sector D-6, most of the residents in 1990 were renters (50%), while the rest were either living with relations (25%), or second homeowners (25%). None of the beneficiaries were previously house owners. Thus almost four years after its inception, sector D-6 shows evidence of the filtering up of the housing stock, and the creation of rental housing.

Though the HDA goal of targeting failed, the fact that development and construction in sector D-6 was initiated at all, was an unusual achievement. None of HDA's formal development efforts in the surrounding Gulshan-ai-Shahbaz scheme had actually induced construction, even for the middle and high income groups. HDA's association with local councilors, social workers and dalals in D-6, had spurred development interest. "The hunt for land" (Linden '89: 15) was initiated through the competing interests of these informal subdividers despite the arid and remote location, poor and expensive transportation links, and non-existent infrastructure and job market. Though the site had inherent disadvantages for formal development, this was a typical situation in which informal subdividers, if given access, might thrive¹². HDA's request to select deserving beneficiaries was converted by the leaders and social workers into a tacit invitation to speculate on agency owned land.

Realizing that their targeting had failed, and knowing that there was little that could be done to enforce its requirements, the HDA withdrew their involvement from the sector, and preferred to begin a new phase in sector E-4, at a considerable distance from D-6 (so that

¹¹Hasan 90 : 55. Table 3.3

¹²The HDA experience in Sector D-6 was not new. Linden records that whenever government agencies (both in Hyderabad and Karachi) had publicly announced such schemes, speculators had been quick to get control of as many plots as they could within the scheme and even the surrounding land.

the next phase would be perceived as a different project, with new rules.) However, while the speculators subverted the HDA to gain entry into the settlement, they needed the HDA to fulfill its part of the contract (the installation of infrastructure). Interestingly, and contrary to conventional expectations, amongst all block organizations¹³, those of sector D-6 were best organized. The incentive to organize was brought about by the withdrawal of the HDA from sector D-6. Owners were forced to organize to ensure the infrastructure (they paid for) was installed. In addition, their effectiveness was enhanced by the fact that they had greater resources (Aliani 91, Hasan 90). Given that they had been originally identified (in many cases installed) by local subdivides (dalals), leaders, and social workers with speculative interests, it is not unlikely that their resources and influence would have been used to develop the sector.

To recapitulate, the development of sector D-6 needs to be evaluated differently than the other sectors. First, unlike the following stages of the project, the HDA was faced with breaking a deadlock in the urban periphery, where no construction investment or actual use had occurred despite the sale of a large number of plots. This was accomplished specifically because of the speculative interests of local leaders, social workers and dalals. Secondly, the HDA relied heavily, and somewhat presumptuously, on the good will and selflessness of social workers, leaders, and dalals to market the plots. Thirdly, though the allottees in this stage were not from the HDA target group, they did produce and let into the market some rental housing stock. Lastly, it is only through the actual implementation of sector D-6 that the HDA actually started defining who their target group were. The discussion of the selected group I will pick up later in the next chapter. At present, it is sufficient to note that the HDA assumed that the non-owner residents of an informal settlement near the scheme closely matched the eligibility criteria for candidates for targeted development.

¹³Community groups organized originally by the HDA consisted of residents of a “block” (ranging from 100 to 250 plots). These organizations were created by the HDA in order to facilitate the installation and management of services and the administration of loans. Each sector had between two and six such community groups.
(Hasan 90: 28)

Stage II, Sector E-4: *Mediation by the Dalal*

The HDA had to increasingly contend with the rampant speculation and encroachment that had begun in the area. Its agenda for the next phase, E-4, included stricter screening of applicants, and on the ground, more effective control against outright invasion of its land. Consistent with its initial concept of learning from the informal subdivision process, the HDA engaged the services of a dalal as a middleman to act on its behalf in sector E-414. The dalal's first initiative was to pre-empt other illegal subdivides by initiating development on land that was threatened by encroachment.

When the whole area of the scheme was still vacant, several illegal subdivides attempted to establish claims to the land. The middleman then engaged a gang of laborers and had the foundation trenches of a number of corner plots dug and bricks deposited on the spot in the middle of the night. Immediately after this, noticing that development was about to start, customers for adjacent plots showed up. The middleman sold these plots to them on the condition that they would start to construct their houses without delay. He sold the bricks to these customers and took contracts for the construction. He kept the eventually most valuable corner plots for himself. (Linden 1989: 16)

The dalal not only resisted pressure from other subdivides but also from other public agencies¹⁵. Indeed there was a situation where the dalal was actually arrested by the police on a complaint from "another public agency". Certainly, though this ordeal was not unfamiliar for an illegal subdivider, it was something no HDA employee would endure.

¹⁴Linden suggests that there may have been few choices for HDA in the matter. Speculators had aggressively started encroaching on HDA land which the small and underpaid security of the HDA would be unable to resist.

¹⁵Though the specific agency is not identified in the literature, there is mention of several agencies whose agendas conflicted with those of the HDA's at several points. Prominent amongst those mentioned at other points, are the State Road Transport Corporation, who was slow in extending bus routes to Khuda ki Basti, and the Electricity Board, whose functionaries were reluctant to distribute connection permits without bribes. There is also a reference made to a public agency which had a disputed claim on the land at one edge of the Gulshan-ai-Shahbaz scheme. Linden also describes how the "patwari", the local official in charge of registering and maintaining land records, was susceptible to corruption, and was therefore amenable to altering records in favor of illegal subdividers and local landlords ("wadheras") who were attempting to encroach into HDA land.

The dalal in both these cases kept development from stalling in ways that the HDA did not have the institutional capacity to prevent. Disputed land, (especially between government agencies with equivalent power), as that wrested by the dalal, is prime for illegal takeover. Legal and bureaucratic procedures would freeze the possibility of any development, at the very least. These cases are examples of how the dalal positively aided the project by actually subverting government institutions and procedures. Paradoxically, this undermining of State procedures actually enabled the HDA to be more responsive to illegal threats of invasion of government land. Moreover, the dalal, had enhanced HDA's institutional capability, while deriving legitimacy by associating with the HDA. The conventional view that the illegal subdivider is always in confrontation with the state agency is therefore not always true. Also, this case illustrates that the stream of benefits of association with illegal subdivides does not flow in one direction only. The HDA too was effectively obligated to the dalal in this case, a condition that the dalal took advantage of through cloaked speculation (as described above), and simultaneous extraction of official construction contracts from the HDA, in the next phase¹⁶.

When the reception area had become institutionalized, the middleman constructed its temporary reed matting shelters. Together with some others the middleman also undertook the construction of some 200 mud brick single-roomed houses in Khuda ki Basti, which he sold to households preferring such a house over an empty plot... When HDA decided that the reception area [introduced later in the next phase; pt] should include some solid two-roomed houses, a building contract was awarded to the same middleman. (Linden 89: 16)

Regaining Control by Prolonging Insecurity of Applicants

The outcome of Sector E-4 at first was predictably not different from that of sector D-6. The dalal was asked to identify prospective beneficiaries from a settlement near Kotri (the adjoining industrial area) using the same criteria established earlier by the HDA in sector D-6. This time, the HDA withheld title from the allottees conditional on construction and occupation of a house within three months. The HDA's move to retain the title deeds was

¹⁶The ability of the dalal to successfully bid for petty construction projects grew with his increasingly recognizable involvement in the scheme. This need not only be because of his ability to extract favors from the HDA, but also because he was positioned to be in the right place at the right time. I speculate that the fact that the dalal was recognized by the director of the HDA, gave tacit authority to the junior staff to award small jobs to him. On the other hand, when the HDA canceled his contract to construct houses, the dalal reacted strongly by petitioning the Prime minister of Pakistan to allow him to build more houses, on the plea that the subdivider would invest the profits into community facilities (Linden 89: 17).

meant to discourage speculators, and at the same time was a way of retaining power over the applicants long enough to ensure that the HDA guidelines were met. Essentially, the delaying of the awarding of the title deed was equivalent to extending the period of insecurity of the applicants.

However, HDA's intention to extend its power to regulate beneficiaries was put to test almost immediately. In the face of its record of consistent failure to administer its own mandate in previous developments, (including the recent sector D-6), many occupiers of land (especially the dalal himself!) felt secure enough to flout HDA guidelines. When no development took place, HDA canceled previous allotments and re-issued those plots with the stipulation that construction begin on them immediately. Hasan's survey¹⁷, reflects the re allotment process, as it records a sharp increase in the number of people who purchased their plots from the HDA directly (up to 75% in E-4 from 60% in D-6). This result suggests that the HDA empowered itself in two ways: first, that the cancellation process had increased the possibility of the HDA delivering land directly to beneficiaries without intermediaries, and consequently second, that the cancellation plots was a possible instrument of (partial) control for the HDA over dalals. Naturally, the move provoked dissent, particularly from the party that stood the most to lose -- the dalal. The dalal's resistance and coercion of the enforcement mechanism of the HDA is discussed later. Suffice it to note that as the cancellation of plots by the HDA was unprecedented and forcefully executed; it was effective because of its element of surprise.

Along with its decision to delay the awarding of title, the HDA also officially restricted the right to transfer property, except by inheritance. The intention here was to minimize the trading of subsidized land for profit. The only legal recourse for allottees was to resell their plot through the HDA, who would charge a "transfer fee", similar to a capital gains tax, for the transaction. This transfer fee, is effectively a mechanism for the HDA to share the appreciation in property values. The task of collection was later ceded by the HDA to block organizations, with the rationale that the revenues so generated would be directed back to the settlement to pay for improvements and community facilities. The terms of tenure for the plot had therefore changed from the awarding of an unconditional freehold title (in the first stage, sector D-6), to a delayed (conditional) awarding of a freehold title (earlier in sector E-4), to finally, (later in the second stage) a deed limiting the right to profit from the equity. The restriction on this crucial "stick" in the bundle of rights, was an attempt to further discourage speculation. Even though the evolution of tenure arrangements in the

¹⁷(Hasan 90: 52-84; Appendix 3/4)

IDS was a significant landmark in terms of the redefinition of state objectives, these rephrased rights relied more heavily upon the HDA's capability to ensure compliance from defaulters.

The absentee owners of one row of mud brick houses had hired a lady from the area who every evening put padlocks on the doors of all the houses, to unlock them again the next morning. Thus the impression was created that all the houses were inhabited. Somehow, the case came to be known by HDA's staff and the plots were canceled. (Linden 89: 22)

The repeated willingness of the subdivides to "gamble" with HDA's enforcement ability, and their relative success in bypassing HDA's regulations in Sector D-6, proves Siddiqui's assertion that informal subdivisions are increasingly catering to lower-middle income groups (rather than the low income groups) in Hyderabad. More importantly, it demonstrates the ability of the dalals to not only respond to market demand, but also to induce development by infiltrating HDA's scheme through fake applicants, the bribing and co-optation of site staff, and even outright encroachment. On the other hand, the HDA used the dalals to enter the informal market and attempted essentially to compete with them by (hopefully) providing alternative location arrangements for the target users. To do this, HDA had to compromise its authority and include (and tolerate), manage, and even directly oppose market forces and agents. The finesse with which the dalal was able to use and subvert the HDA is yet another demonstration of the power and experience of informal networks in dealing with government authority.

Stage III, Sector E3 & D3: *Filtering Applicants who Demonstrate Need*

The final stage of evolution of the land delivery strategy (in sectors E-3 and D-318), was both a tactic to enhance HDA's ability to regulate the growing number of conflicting actors in Khuda ki Basti, and also to ensure that the increasingly desirable neighborhood remained accessible to the target group. Linden strongly suspects that the idea for the reception area originated from the dalal. In an effort to circumvent and pressure HDA's increasingly demanding allotment procedure, the dalal advised a family to squat on the site with all their belongings. The dalal's reasoning was that such an overt demonstration of need would be

¹⁸Small numbers of reallocated plots in sectors D-6 and E-4 were also distributed to beneficiaries who used the reception area.

enough of a plea for the HDA to short-cut the lengthening HDA procedure. Realizing that it was becoming increasingly difficult to control the speculative actions of dalals, the HDA sought to take control of the development by screening the beneficiaries itself. In order to do this, a distinct reception area was setup where prospective applicants were monitored directly by HDA staff for a period of fifteen days. The prospective applicants had the option of living in their own makeshift accommodation or rent shelter (for Rs. 100 for the fortnight¹⁹), in a small piece of land adjacent to but distinct from the Khuda ki Basti sector (where plots were to be allotted).

The HDA required that the beneficiaries demonstrate their need by actually living in the reception area in the same circumstances they would be expected to live if they were allotted a plot in the IDS. At the start, the reception area was a success as over 350 families moved into the Khuda ki Basti through the reception area. The prime purpose of the HDA seems to have been to avoid speculation by ensuring that only real users apply (and get) plots in the IDS²⁰. The HDA was also conscious that the tedious application process required by state promoted housing programs was a barrier to entry for the target group. Hence consistent with its agenda to closely replicate the informal sector, the availability of an immediately accessible (though temporary) accommodation in the reception area was perceived as fulfilling the urgent shelter needs of the poorest (Siddiqui 88: 7).

Though the effectiveness of the selection process thus far had been variable, the requirement of actual use was potentially the most tangible and therefore enforceable criteria the HDA had set. However, as the reception area needed to be a closely monitored “observation and holding area” for prospective applicants, it relied heavily on the ability and effectiveness of HDA site staff to impartially enforce the selection criteria. Even though this arrangement had the inherent potential of weeding out users not in the targeted group, its weakness lay in the unrealistic reliance on weak site supervision. Given (as discussed earlier) that the site staff was small and underpaid, and that the reception area required constant (24 hour) monitoring, the selection process was always under threat of failing. Also, the fact that the reception area was freely accessible to prospective allottees made it even more difficult for the site staff to monitor newcomers. Later, to improve monitoring and to force serious commitment from applicants, the HDA changed the open

¹⁹It is important to note here that the average monthly rent for a single room in an informal settlement is about Rs. 230. The rent charged for a similar accommodation in the reception area was only a little less.

²⁰The often repeated statistic (Siddiqui and Khan 1988, Van der Linden 1989, Hasan 1990) reiterates that while all other government promoted schemes in Hyderabad and Layari (another Sindh city), have not been occupied, almost 70% (check exact figure) in the IDS have.

access nature of the reception area by making it mandatory for applicants to make the entire of down payment Rs. 1000 (later Rs. 1100)²¹ upon entering the reception area, rather than paying when they were selected for allotment.

Despite the improvements and definition of the reception area, the reception area failed to remain an effective filter. The prolonged “partnership” with the HDA, allowed the dalal to gain enough recognition, credibility and clout to openly violate or easily bribe the junior staff’s regulatory function. The strikingly small number of people in Hasan’s survey that actually went through the reception area bears testimony to the failure of implementation of an otherwise powerful idea. Of the residents surveyed in the scheme, 79% had not used the reception area! In Sector E-3, the number of non-screened users was an overwhelming 64% (Hasan 90:56).

As the conditions in the reception area were rather primitive, many people hated living there. Together with some of the lower HDA staff, the middleman tampered with the period households were to stay in the reception area. If they bought one of his (the dalals; pt) mud-brick houses, this period could be substantially shortened or- in a few cases - skipped altogether. On the other hand, some families not willing to buy such a house were kept in the reception area for longer than regular periods. (Linden 89: 17)

Besides the fact that the interests of the dalals and speculators were already entrenched in the Khuda ki Basti development process, the other major reason for the failure of the reception area was that the HDA did not have a clear understanding of the need profile of their targeted users. Like it did earlier, the HDA upgraded the quality of amenities in the reception area to accommodate demands for more privacy and services made by the prospective applicants who had already showed up at the reception area. While I discuss the question of who these prospective beneficiaries are in the next chapter, I suggest that this revisionist and flexible attitude of the HDA (which earlier was the strength of the scheme), in this case might have actually hurt its intentions in two significant ways. First, there is a tradeoff between flexibility and adaptation on the one hand and certainty and clarity of institutional objectives and regulations of the HDA, on the other.

Second, there are limits to the empiricist approach that favors present applicants over future

²¹Rs.1100 was between 50% and 75% of the average monthly household income in Hyderabad.

eligible entrants. The justification for the institution of a formal screening process is that it would be impartially administered to ensure equal access to all deserving candidates irrespective of which stage they enter the scheme. HDA's intention for changing tenure restrictions after the first phase was that the updated requirements would be more stringent in order to exclude undeserving applicants. In the reception area the requirements were essentially eased, both by upgrading amenities and by uneven enforcement. This undermined the confidence in the HDA for those who had already undergone stricter screening, and simultaneously added credibility to the dalals efforts to subvert the HDA. Therefore, rules that are only partially applied and are changed often, weaken and delegitimize HDA regulations and their enforcement.

Who Benefited, Speculators or the HDA?

The various groups of speculators can be characterized either on the basis of their direct (official) role in the IDS²², or on the basis of their peculiar motives and methods of operation. It is also possible to differentiate speculators on the basis of their source of wealth, power and support. However given that HDA's agenda was open to include any relevant or active participant in the informal subdivision process, it is more fruitful to state the general conflicting goals of the HDA and the speculators from the project.

Speculators in the IDS ranged from local leaders, social workers, informal lenders, large feudal landlords (wadheras) to small self-made dalals. These roles were not mutually exclusive and are often interchangeable; the overlapping and extended range of services provided by most speculators is in fact a common characteristic of informal subdivisions themselves. The dalal that had been engaged as a middleman by the HDA had at one time been a squatter himself, and first organized an invasion of land in order to secure his own claim. Having successfully utilized his connections with the police once, the dalal extended his operations (Aliani 91: 29). The landlords too utilized their political connections to extend their control into HDA land.

The wadheras may sell their land to subdivides in parcels of several (up to over

²²Linden separates these actors on the basis of "internal" and "external" forces. I will argue that this distinction is not useful. Since the HDA had from the very start of this project opened the possibility of interaction with any relevant actor, this kind of characterization is circumstantial at best. Further, Linden's own descriptions suggest that chains and networks of interests were often acting in collusion with one another, and it would be speculative to rationalize whether one actor was more instrumental in shaping the coalition than another.

100) acres or, alternatively, have subdivides demarcating and selling individual plots on their behalf. Because of the legal backing of their claims and because of the inherent power of many wadheras, the subdivides are in a strong position to enforce their rule, if need be with the aid of armed gangs. On several occasions HDA's staff were physically threatened by subdivides...if (the HDA staff) dared enter the (HDA) land that he claims (Linden 89: 19).

What are the similarities and differences between the agendas of the speculators and the HDA?

- The first obvious similarity amongst speculators was their individual profit motive. Generally, as described above, speculators in the early stages supported the HDA in the development as a means of gaining access into the development process. As the scheme advanced, some speculators actually competed with each other to gain HDA's favor and therefore a wider opportunity to profit. In other situations, as in the case of the wadheras, speculators allied together to resist control by the HDA and simultaneously reinforce their profit making ability. Besides using threats, the speculators co-opted local police officials and civil servants through bribes, and more importantly by actually giving land²³, as a means of insurance against eviction²⁴.
- The second conflicting goal was that while the HDA needed to concentrate on the delivery of raw land, the speculators found it most advantageous to enter as many service sectors as possible. The middleman started a private school, lent money to new allottees for house construction and small businesses, founded a health clinic, and established a playground. The dalal, unlike the HDA, expected to gain from provision of services.
- Thirdly, while the HDA wanted to distribute the responsibility of management and procurement of services to beneficiary groups, speculators preferred to retain control over information and distribution of public resources themselves. The fact that several subdivides installed themselves as leaders in Khuda ki Basti and that a few residents of the settlement actually gave up their previous occupations to become "members" of block committees indicates the lucrative returns from brokering amenities.

²³Arif Hasan in an interview with the author.

²⁴Despite all of HDA's monitoring efforts and repeated cancellation of illegally held plots, the middleman still managed to own over 20 plots in the sector E-4 (Linden 89: 17).

- Fourthly, while the HDA hoped to develop the project in stages, the speculators had the most interest in ensuring that development occurred as fast as possible. The HDA envisaged that incremental development would lower entry costs, and allow for careful selection of allottees. The speculators who were often absentee beneficiaries themselves obviously resisted the monitoring procedure. Besides, it was in the interest of the speculators that improvements occurred as quickly as possible so that the values of their investments appreciated quickly.
- Lastly, and most significantly, while the eventual goal of the HDA was to design itself out of the process, the speculators interest was to ensure that the participation of the HDA continued. By alternatively perpetuating opposition to the HDA (for instance with respect to cancellation of plots), and on the other hand appealing on the users behalf for greater amenity, the dalal hoped to reinforce his position as middleman. One method of the dalal to enhance his credibility amongst the users at the expense of the HDA was to cast aspersions on HDA's legitimacy both inside and outside the settlement. One dalal attempted to discredit HDA by publicizing that HDA owed money to the Board of Revenue (which it did), even though it was of no concern to the residents of the HDA and was not going to impact them in any way (Linden 89).

The above section reveals the paradoxes inherent in the cooperation between state agencies and informal subdivides. In sum, it is clear that while there are many areas where they become natural allies (in the marketing and provision of services), it also reveals the fine line between such cooperation and potential confrontation. It also reveals how the speculators can use a narrow definition of HDA goals to justify their involvement in the scheme. I speculate that if the HDA had explicitly stated an intention to replicate the scheme elsewhere conditional upon the success of this "joint-venture", it could have probably elicited greater "cooperation" from the speculators. I am suggesting that a longer horizon might enhance the incentives for the HDA and the dalals to cooperate.

What did HDA Gain by the Involvement of Speculators?

This project demonstrates how the equity concerns of the state interact with the profit motives of various actors both internal and external to the project. In fact, it illustrates the limitations and possibilities presented when the state conceives agendas that require the control of the market. In order to fully assess the benefits and risks of involving informal

subdivides in state promoted land delivery, I will evaluate the tasks HDA expected the subdivides to perform. The dalals also aided the project's implementation in ways unforeseen by the HDA.

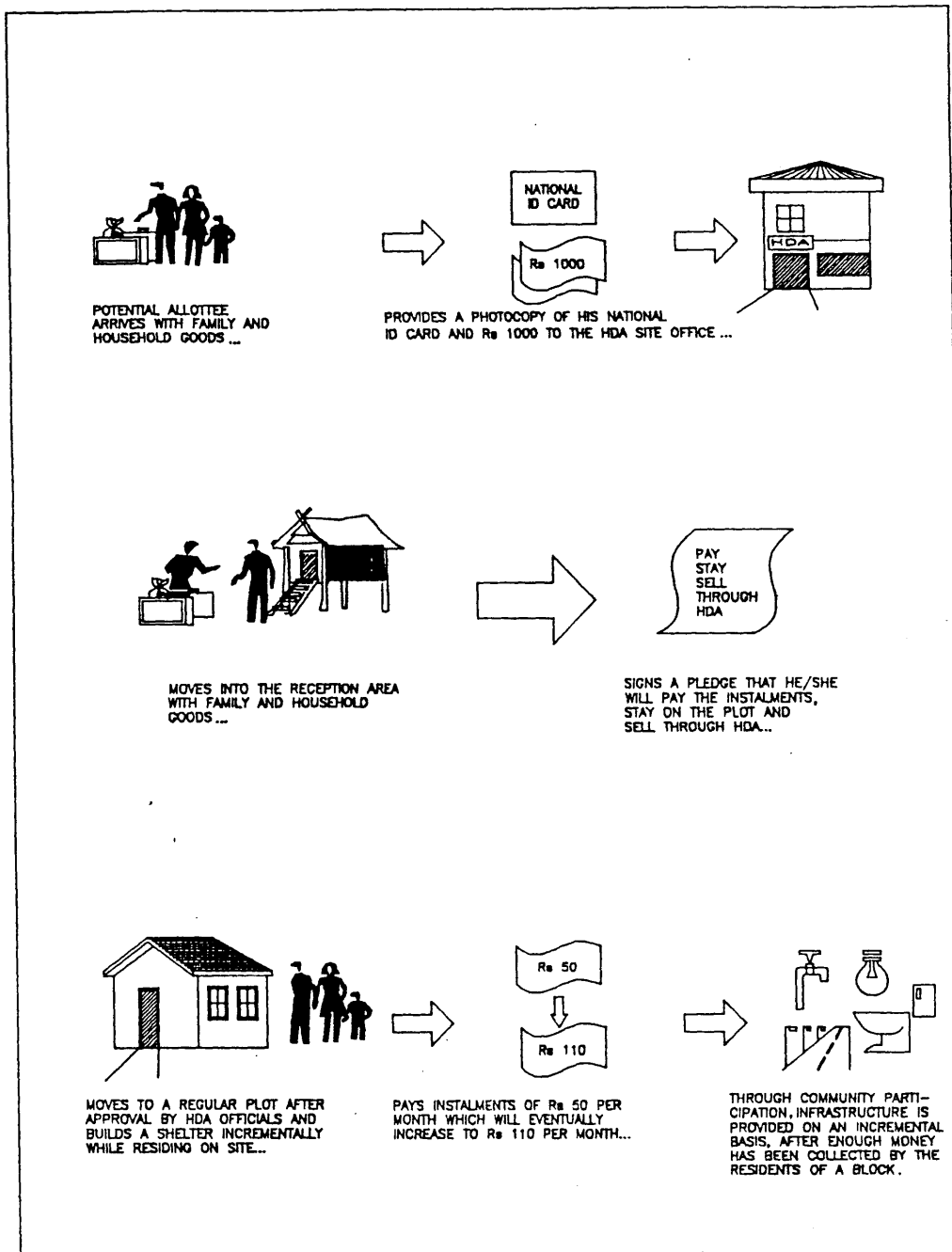
- The HDA's original reason for involving speculators (initially social workers and local leaders, and later dalals) was to identify truly deserving beneficiaries from nearby informal settlements. This marketing role appeared necessary in the beginning when the HDA feared that it would not be able to attract the lowest income group. In reality, the task that the speculators achieved was to break the development deadlock on the undesirable and poorly accessed site, and not targeted allotment (sector D-6). Subsequently, the dalal's marketing role cannot be viewed as either completely necessary, nor overwhelmingly successful. As already noted, a vast majority of users had actually heard of the project by word of mouth and through relatives in the HDA. A single newspaper advertisement inviting prospective applicants was successful in attracting more people than the HDA could accommodate (Hasan 90).
- A fortuitous role that the dalal played was in pre-empting invasion by other dalals. Not only was the dalal able to monitor the site but was also able to deter takeover by undertaking development and staking claims on the boundary of the project that was threatened. While these actions prevented other dalals from encroaching on the settlement, it became difficult to control the dalal himself.
- Another crucial and unexpected role that the dalal played, was the ad hoc action he took, on HDA's behalf against other government agencies that were threatening to delay the project. As noted earlier, the dalal even went to jail, an exercise that no government employee would be willing to undertake
- The dalals were instrumental in extracting services from government agencies. When the HDA was unable to procure electricity connections for Khuda ki Basti, the dalals were able to procure permits illegally. Similarly the dalal was also able to urge for better accommodation in the reception area, and in fact constructed some on contract.
- The very fact that the dalal needed to insert himself inextricably in the development, implied that he needed to organize groups of beneficiaries. Despite the debatable disadvantages of possible exploitation of the individual users by the dalal, the benefits from organizing (for services) was a tangible benefit for the scheme.
- The entrenched interest of the dalal ensured that he attracted individual investment in

Khuda ki Basti. Like in most of the dalals actions, this presented a tradeoff. On the one hand, the dalal was reducing the investment HDA would have to make but on the other, such investment was increasing the pressure of speculation on the enforcement and screening process of the HDA.

- The cheaper supply of land was clearly a threat to the market of informal subdivides. It forced the dalals to either compete, stall, takeover, or adapt to the HDA project. While it was too early for evidence of the impact of the project on the Hyderabad housing market, Hasan does record that the prevailing price of Rs. 1100 was a tenth of the market price for the plot in Khuda ki Basti.

The literature fails to recognize this extremely significant policy shift from fee-simple property adequately. Repeatedly frustrated and undermined implementation of targeted delivery in a market with active speculation had pushed the HDA to slowly alter not only the distribution procedure, but in fact the nature of tenure rights that was being granted as well. This is a fundamental lesson from the Incremental Development Scheme-- suggesting that the successful delivery of subsidized (below market price) land is directly dependent on the restrictions that must be imposed, both procedurally and on the land title itself, to exclude speculative forces.

The HDA ideal, the “enablement” of the poor by the conferring of freehold title, was gradually transformed to a delayed and conditional title, through the HDA’s interaction with dominant market forces. This consequential lowering of standards (unconditional to restricted title) is not new. Illegal subdivision has often relied upon land undesirable to the rest of the (formal) market. Formal state sponsored projects have precedents too. For instance, the original concept of sites and services projects (as espoused by Turner) also recognized the trend of lowering standards to ensure affordability and choice for the poorest. These justifications to lower standards were optimistic at the very least. Experiences, as epitomized by the Khuda ki Basti itself, suggest that effective targeted land delivery is equally dependent on its ability to exclude higher bidders for the land.



3. Procedure for securing a plot

Is a More Explicit Agreement Possible?

It is difficult to put a value to services that the dalal performed. Also, there is no way to predict what kind and amount of effort would be required of the dalal in advance. A conventional contract may either bind the dalal to unnecessary procedures, or limit the incentive for the dalal to do more than is agreed upon. The value of the dalal in this case was less in the predictable jobs that the HDA had outlined earlier. In sum, besides the extremely urgent role of initiating development, the dalals most unreplicable roles were where he subverted inter-agency disputes on the HDA's behalf. The truly exceptional usefulness of the dalal was in unpredictable situations where ad hoc decisions and actions were to be performed which the HDA did not have the capability or capacity to perform. A highly responsive contract is also a contract that has to be based on a leap of faith. There is a tradeoff that emerges between the certainty of a signed agreement and the flexibility of an experimental project like the IDS. Perhaps, gradually with more experience, both parties, the state and the private subdivides would be able to better predict the nature and extent of their relative involvement in future development projects.

However as described in this case, a contract with the dalal cannot be effective unless HDA and the dalal are convinced that it will be enforced. The incentives and disincentives for both parties have been briefly outlined above. To complete the evaluation of the contributions of each party in the process, in the following chapter, I examine who the actual beneficiaries of the project were and who actually helped them in the project.

Chapter III

OUTCOMES FROM THE USERS PERSPECTIVE

Throughout the evolution of the Incremental Development Scheme, the HDA exhibited a clearer perception of who it wanted to exclude rather than to include. Though the HDA had defined its target group as households of the lowest tenth percentile of income, it was naturally unable to select beneficiaries on the basis of (a self professed) income. Hence, the HDA used several other selection criteria, procedures, and agents as a method to sift out candidates that did not fit its definition of eligible users. These multiple layers of selection were not merely experiments in implementation, but actually further defined the HDA target user group²⁵. The procedure for selecting beneficiaries was discussed in the previous chapter. Here I will describe who the actual beneficiaries turned out to be, on the basis of two surveys conducted three and four years after the initiation of the project²⁶. HDA's development strategy, the state as a developer, had been far from successful in previous sites and services projects promoted by it.

As discussed in the preceding chapter, many of HDA's expectations were not realized as envisaged. It is important therefore to determine whether this long and painstaking process was worthwhile, and if it should be pursued in the future. In the first of three sections, I will describe the characteristics of the beneficiaries, to see if the HDA had indeed achieved its primary goal of targeting the poorest. The second section tests the viability of the concept of staged development by examining the results of HDA's attempts to pursue incremental development with the participation of groups of beneficiaries organized by it. The last section reflects on the ability of the state's ability to influence development by

²⁵In this sense, the concept of incremental development entailed not only experimenting with procedures, but also redefining the goals of the project. The institutional capacity of the HDA to do this was clearly enhanced by the fact that the project was under the direct supervision of the head of the organization.

²⁶Van der Linden, 89: Chapter 4; Hasan, 90: Appendix 3 and 4. Both surveys interviewed 100 families (about 4% of the Khuda ki Basti population). While Linden interviewed one family from each lane, Hasan's survey interviewed sector wise. Thus while Linden's survey yields aggregate figures, Hasan's are specific to each sector, and give some insight to the effect of the three stages of evolution of the selection process.

restricting tenure security of the beneficiaries. This last section questions whether state regulations can have any effect on a settlement process which is so heavily influenced by illegal subdividers.

Who got What, and Why?

Conventionally, scholars expect a variation in user profiles due to the process of consolidation inherent in new settlements on the urban periphery. When the site is remote and unserviced, (as in the case of the IDS), its first inhabitants are expected to be those with little choice. They relocate to the periphery, sometimes by coercion, and at other times by the luring of agents like dalals²⁷. Once demand for the (improved) land is created, relatively better off households that choose to own property relocate. This scenario corresponds to Turner's migration theory where fresh migrants to the city (bridgeheaders) usually tend to locate (except under duress) near employment sources at the city center, and consolidators, who have lived in the city long enough to have secured some job security, move to cheaper land at the periphery. On the other hand, one would expect that earlier inhabitants of remotely located and poorly serviced settlements like Khuda ki Basti would have to be prepared to suffer bigger risks and greater inconvenience than future residents who enter when the location is better serviced, and is therefore more desirable. Therefore, I argue that the typical development at the periphery would attract fairly poor consolidator families pushed out from the center of the city, and would be followed by better off middle income users once the colony is established. How, do the beneficiary profiles of different stages of land delivery in the Incremental Development Scheme compare in terms of income, place of origin, and job stability with the characteristics of normally expected users? Did the series of state interventions have any impact on the selection of beneficiaries that actually got to live in the Khuda ki Basti? In order to answer these questions, I will rely on Hasan's survey of 1990 which disaggregates the responses of beneficiaries by sector²⁸, and whose aggregate statistics generally agree with Van der Linden's poll of a year earlier.

The aggregate figures of household income, size and age suggest that the profile of the

²⁷As the dalals are interested in windfall profits that accrue once the site is functional and desirable, and because immediate occupation is necessary to ensure against eviction, the dalals will often give these plots to immediate occupiers at marginal or no cost.

²⁸Recall that the IDS consists of four sectors-- D-6, E-4, E-3, and D-3, in that order of development.

Khuda ki Basti allottee matches quite closely that of the non-owner households in illegal settlements in Hyderabad. The aggregate figures of the 1989 survey reveal that the household income of the inhabitants of Khuda ki Basti (Rs. 1567) is 10% higher than the median income of non-owner residents of katchi abadis²⁹ in Hyderabad (Rs. 1450) (Linden 89: 4 and 37). However the average household size in Khuda ki Basti is much larger (7.24 persons per household) than that of illegal settlements in Hyderabad (5.8 persons per household). The average age of the head of household in Khuda ki Basti is 42.13 years, over three years older than that in katchi abadis in Hyderabad.

Both surveys (Hasan and Van der Linden) confirm that in aggregate, between 54 and 56 percent of the residents interviewed in Khuda ki Basti, had originally resided in Hyderabad's illegal settlements. Almost the same number of respondents, (between 53 and 57 percent) had been renters in their previous place of residence. Thus IDS beneficiaries in the first phase resemble well established renters in illegal settlements in Hyderabad, and contrary to HDA expectations, only around 15% of the allottees had originated from the nearby Kotri industrial area.

Nearly 68% of all families had lived over 10 years in their previous residence, and an additional 15% had lived in the same location for over five years. These figures suggest that the HDA project, involving supply of land in the periphery (which was far removed from places of employment), was most accessible to consolidators who had resided for long periods of time in the city and had therefore gained stable sources of employment.

Stage I, Sector D-6: *Entry into Settlement*

Recall that the earliest stage of development, sector D-6, had failed to target actual users and as mentioned in the previous chapter, the sector was almost half empty by 1990. Of respondents of the survey, a quarter had purchased their plot from original allottees, and only 15% had actually purchased it from the dalal directly. It is probable that these purchases were made at a market price well above the HDA rate (45% of respondents had paid over Rs. 1100). (It is interesting that of all sectors, D-6 contained the highest number (35%) who had already been in the market for plots before they obtained one in Khuda ki

²⁹A "katchi abadi" directly translates to "temporary settlement", and is a euphemism for an illegal settlement.

Basti, and in D-6 14% even had purchased a plot in another scheme as well³⁰.) The fact that such few respondents had purchased their plots from dalals, despite having been active buyers, proves that the HDA assumption that local leaders and subdividers were needed in the marketing of plots to poor users from neighboring areas was wrong.

In 1989, about two thirds of the household heads had stable employment.³¹; 32% of the household heads were self employed³², and 34% were monthly wage earners. However nearly a third of the household heads, all of whom were unskilled labor, were dependent heavily on transportation and access to work.³³

The wide spread of investment in housing underscores the financial diversity of the beneficiaries. The top 5% spent Rs. 60,000 or more on their houses, a total of three times the gross average annual income of a household in Khuda ki Basti. (Linden 89: 40). This is evidence of the scheme having catered to or attracted a range of beneficiaries with different incomes and needs. Moreover, two thirds of the respondents had purchased their plots from the HDA directly. (In cases where the dalal was able to market plots, the HDA's threat of cancellation at least reduced the desirability of the plot for prospective buyers.) Thus relative to all other sectors, the users in the first stage, sector D-6, were relatively more wealthy, and had the most secure jobs³⁴. The most definitive indicator of wealth, is that 20% of the beneficiaries had been able to invest more than Rs. 50,000 towards building a house in about three years!

Interestingly, a third of D-6 workers were employed in the basti itself, three quarters of whom were self employed. Contrary to HDA's expectations, only a quarter of the D-6 workers were employed in Kotri, the nearby industrial area. Half of the D-6 residents endured the expensive and irregular transportation to Hyderabad to get to work.

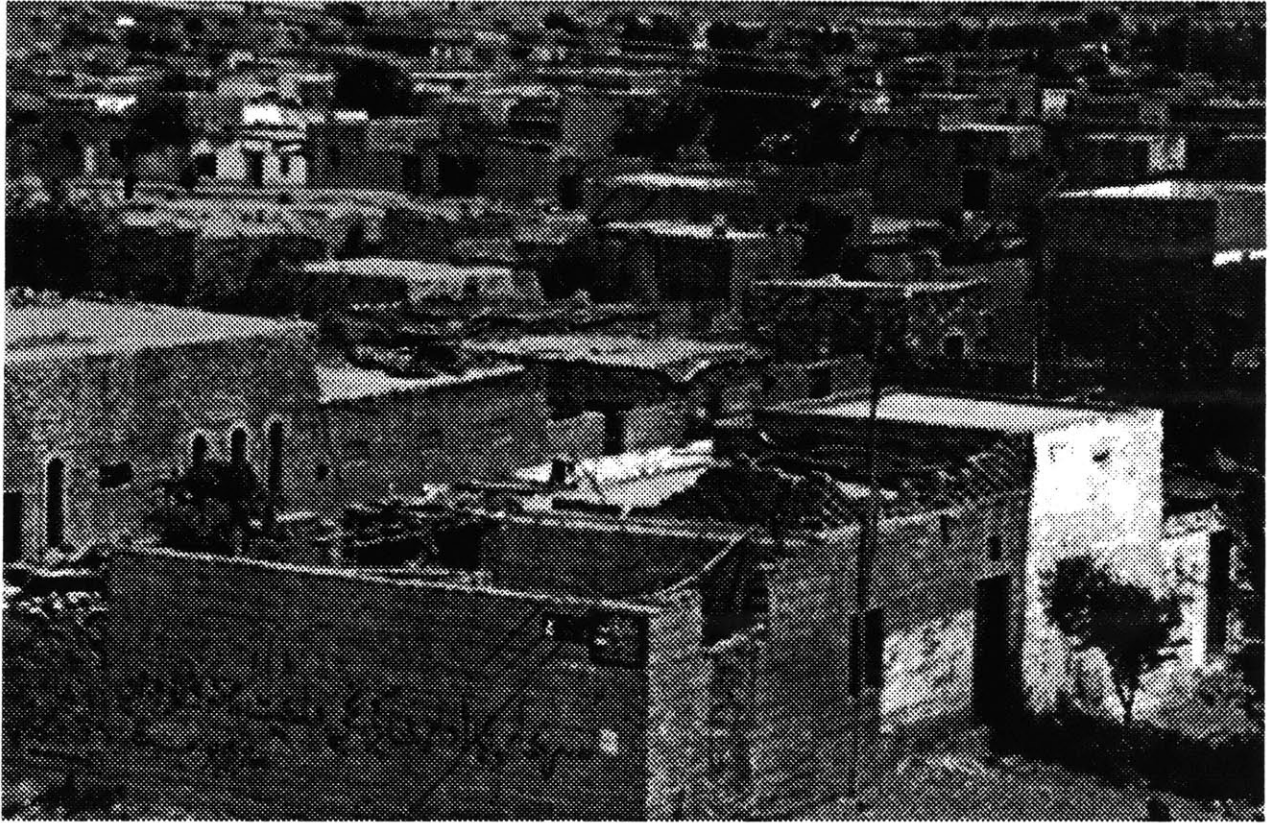
³⁰Three quarters of the respondents from sector D-6 had previously resided in Hyderabad where almost all had access to basic services (water, sewers, electricity and gas).

³¹Linden 89: 36. The professions of such employees were- salesmen/ hawkers (20%); white collar (7%); skilled laborers (18%), services (8%); and other (3%). The remaining one third of household heads were with relatively unstable sources of income (17% daily wage earners, 4% on weekly wages and 11% on contract).

³²Linden notes that such self employment is similar to many informal settlements in Hyderabad. Small manufacturing enterprises of cigarettes, rope, paper, and carpets, bicycle repair shops, and building materials and construction stores predominate. (Linden 89: 38).

³³Interestingly, even for the 42% of household heads that were unskilled labor, about 10% had stable employment.

³⁴60% earned more than Rs. 1500 monthly, and the only 15% belonged to the poorest group earning less than Rs. 1000, as compared to a cross-sector average of 30%. However as some informal sector enterprises had been established at the time of the survey, it is possible that a few of the richer respondents may have been poorer when they entered the settlement.



4. Khuda-ki-Basti: Sector E-4

Thus sector D-6 (the first phase) exhibits the character of a maturing consolidator settlement at the periphery which (despite HDA's role) is not distinguishable from the expected features of an informal settlement without state involvement. The process observed by Turner in informal settlements was no different than that in sector D-6.

Stage II, Sector E-4: *Cancellation of Allotment*

The practice of cancellation of plots was effectively introduced in the second stage, in sector E-4, to prevent delivery of plots to higher income applicants. HDA's partial success in enforcement of its cancellation rule, is reflected by the fact that three quarters of the residents of E-4 had received their plots from HDA directly. The middleman (dalal) accounted for 17.5% of sales, the most in any sector³⁵. Nevertheless, the HDA managed to target the largest percentage of poor people in this sector: two thirds of the beneficiaries had incomes lower than the cross-sector average of Rs. 1566, (38% of these only had a household income less than Rs. 1000). Also, E-4 had the fewest upper income households (with incomes greater than Rs. 3000) -- only 5% as compared to 20% in all the other sectors. The percentage of families earning less than Rs. 1000 doubled to over one third, when the HDA made restrictions upon both beneficiaries and speculators³⁶(Hasan 89; 64).

It is curious that HDA's substantial success in excluding higher income families, was accompanied by a less spectacular record of excluding middlemen from the process of land delivery. On the other hand, the surveys testify that the middleman's clients were not necessarily very different from the target group of the HDA. Though it obviously did not deter the dalal, perhaps the HDA restriction on the right to transfer property was responsible for making the Khuda ki Basti less desirable for more affluent buyers. The profit motive of the dalal was curbed indirectly-- not just through direct enforcement by the HDA, but more importantly by increasing the insecurity of a potential client of the dalal³⁷.

³⁵A nearly corresponding 22.5% of respondents had paid over Rs. 1100 (the maximum down payment levied by the HDA).

³⁶From the standpoint of physical indicators, it is interesting that the densities per plot also increased significantly when HDA imposed tenure and use restrictions on the beneficiaries, from 5.7 persons per plot in D-6, progressively to 7.73 in D-3 (Hasan 90: 53).

³⁷The fact that the dalal also supplied housing to the HDA target group (when he technically could do so to higher income groups), serves to moderate Van der Linden's argument that the HDA must inherently remain in conflict with speculators. As seen here in Sector E-4, the HDA can partially co-opt the dalals speculative initiatives.

It is of importance to note that the cancellation of plots does not pose a serious problem to the common inhabitants... (Cancellation; pt) is typically a problem of leaders, absentee owners and owners of many plots (often these roles are combined). (Linden 89: 44)

The results of screening potential users through the reception area have to be viewed in light of the fact that the cancellation of plots was becoming institutionally more difficult for the HDA, as the project grew³⁸. As discussed in the last chapter, the reception area was unsuccessful because only 21% of all beneficiaries actually went through it (Hasan 90: 35). The implication here would be that the rest of the beneficiaries had evaded the selection procedure and obtained plots through dalals or other speculators.

Stage III, Sectors E-3 and D-3: *Screening through Reception Area*

Surprisingly, the percentage of plots bought directly from the HDA continued to rise in each subsequent sector. The percentage of applicants who actually went through the reception area, almost doubled to 36% in sector E-3 and to 40% in sector D-3. In the last sector, D-3, all the plots had been purchased directly from the HDA, while in E-3, (the sector developed just prior to that), 88% of respondents had done so too. Corresponding closely, the percentage of households earning less than Rs. 1000 in each of those sectors was 28% and 33%. In terms of money spent on house construction, nearly half of the residents spent only between Rs. 5000 and Rs. 10000, as against an overall average of 11% in Khuda ki basti. This relatively low investment rate and the fact that over half of the respondents in sectors E-3 and D-3 were laborers, further suggests that entry for economically vulnerable applicants was still possible in the last stage of the project, even when it was maturing into a settlement desirable to more mobile and prosperous households³⁹. On the other hand, the percentage of rich households earning more than Rs. 3000, in both sector E-3 and D-3, was the same as in D-6. Thus while the value of the reception area is evident, the difficulty with enforcing and monitoring its use, is illustrated by the fact that richer users also received plots (without going through the reception area).

³⁸One of the reasons for the success of the scheme in its early stages was that the small and dedicated staff was committed to ensure first, that it remained in constant touch with residents, and second, that the HDA regulations were enforced. When the project expanded, the site staff became far less connected to the residents of the Basti and became more bureaucratic. Hasan 90: 30.

³⁹Hasan 90: Appendix 3/4.

In sum, a majority of the beneficiaries of the Incremental Development Scheme were consolidators with large families who were willing and able to make the move to the periphery, where access to land was possible. The official cost of entry (Rs. 1000 down payment and a monthly deposit from Rs. 50 to Rs. 100), was affordable for most beneficiaries, especially as the average monthly rent they had to pay in a katchi abadi in Hyderabad was Rs. 298 (Linden 89: 33). When the HDA had awarded full fee-simple title without any restrictions, 40% of the plots had been resold to present users at a rate higher than the subsidized one. As HDA's restrictions increased there was a notable decline in resales. In E-4, (where mandatory occupancy was required along with an accompanying HDA restriction to transfer land), re-sales declined to one quarter⁴⁰ of all sales. In the final two sectors, E-3 and D-3, (where the reception area was operational), 12% and 0% re-sales, respectively, were recorded.

The unique achievements of the Incremental Development Scheme are two-fold. First, as compared to informal settlements in Hyderabad, the project consistently targeted more low income families (Aliani 91: 32). HDA restrictions for beneficiaries effectively reduced the number of speculative re-sales. Secondly, and perhaps most unusually, the IDS managed to sustain the opportunity for new entrants of the lowest income, even when it matured.

Organizing Beneficiaries Around the Provision of Amenities

The HDA hoped that in order to manage local infrastructure provision, it would be able to delegate authority to working groups consisting of representatives of beneficiaries⁴¹. This reasoning came out of the experience that HDA ran unduly high overhead costs in direct provision of infrastructure, which could be saved if the beneficiaries managed it themselves with the assistance of the HDA. Further, the HDA expected that if decision-making about prioritizing and sequencing of services and other needs were left to a participatory organization, the development would be more responsive and efficient. For the

⁴⁰Though the trend was favorable in itself, recall that the dalals at this stage, (including the middleman) had attempted to re-enact the first phase by putting up fake applicants and even by direct invasion of land. It is also crucial to recall that the HDA had knowingly paid the dalal for his services, with plots (Arif Hasan, in an interview with the author). Therefore, on the one hand, Linden's record of the middleman owning twenty plots does not necessarily reflect poorly on the HDA enforcement ability, and on the other, the probability that these plots were resold must be considered in the overall sales figure.

⁴¹The concept of provision of infrastructure to users organized at the lane level originated in the Orange Pilot Project in Karachi. Though attempted briefly in the IDS, the idea did not work because the users were not acquainted with each other, as they had been in Karachi (Hasan 90: 17).

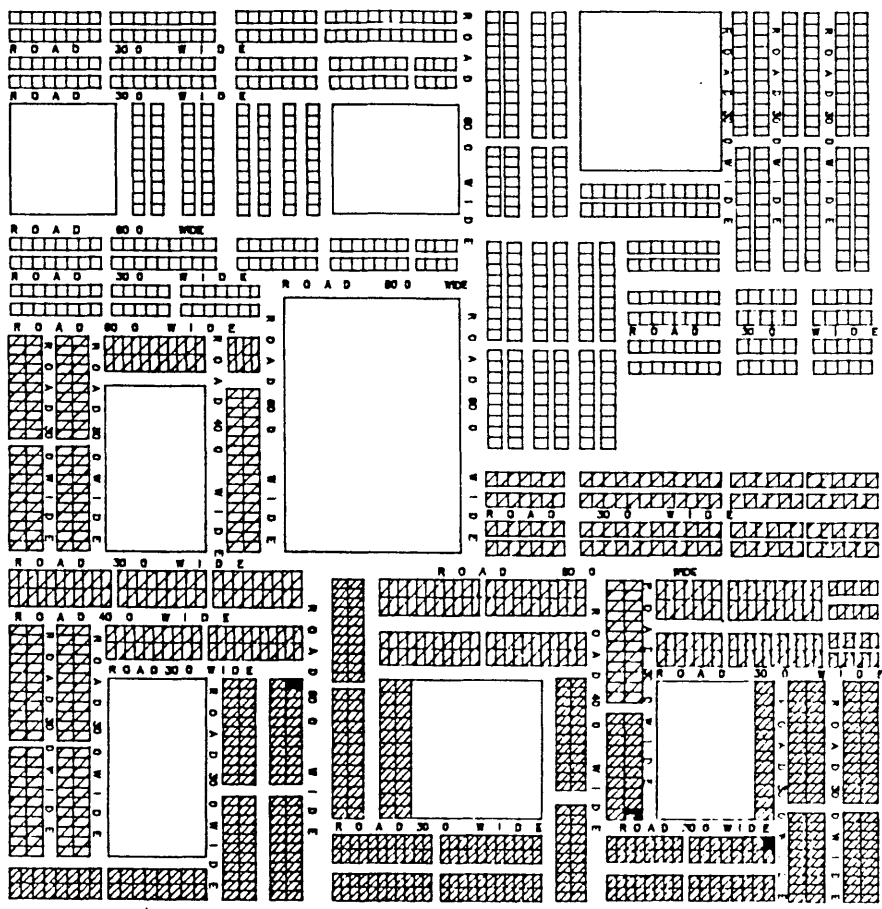
incremental, self-help provision of amenities to succeed, responsive self-management of the community was necessary. The latter however was hard to achieve.





In order to effectively organize infrastructure and welfare programs, the HDA appointed a working committee of motivated residents. The empowerment of volunteers failed because of its non-representative nature and the clash of interests between priorities of each sector. As an alternative, the HDA held elections for leadership of block organizations. A vote was subsequently conducted by a show of hands. By and large, those elected were middlemen, land grabbers, small time entrepreneurs and their musclemen (Hasan 90: 27). A majority of respondents of a survey in 1990, felt that block organizations did not represent their interests (Hasan 90: 73). The result was not merely because of a non-anonymous voting method but as already noted earlier, dalals and speculators had incentive to involve themselves inextricably in the affairs of the basti.

The universally felt infrastructure need of the beneficiaries was piped water. The lack of water was such a grave threat to the beneficiaries' use of their plot, that they demanded the HDA to provide piped water along with allotment, and agreed to a 30% increase of the downpayment, to pay for it (Hasan 90: 14). I will argue later that the absence of water would have made the occupation of the plot extremely difficult. More than any tenure restriction, water (or lack of it) had the potential of eliminating any tenure security that the possession of a plot might bring.

All other amenities were differently required by users, and therefore resulted in varying incentives to cooperate. In general, three categories of infrastructure provoked different responses. The first category of infrastructure like electricity, gas, and sewerage that needed large networks, was mostly demanded of and provided by the HDA. The lowest priority for users was the sewerage, which therefore was the most lacking. The second category of amenities, relating to building and credit was predominantly delivered on a case by case basis by dalals.

The alliances of interest in incremental infrastructure provision which involves external agencies, are unique because the interested parties include all three major interest groups, the users, dalals and the HDA. This is illustrated by the experience of obtaining electricity connections from an uncooperative government agency (from which the HDA could not



-  Water
-  Sewerage & water
-  Electricity, sewerage & water
-  Leader's house

5. Sector E-4: Limited organization of users around infrastructure provision

obtain electricity connections). Besides pressurizing the HDA, the users of sector D-6 entered an external agreement with local officials of the electricity board to obtain connections in their sector. The dalals directly bribed officials too and obtained the requisite no-objection certificates, which they sold in the settlement. Here the responsibility of providing electricity, however uncomprehensive and uncoordinated, was shared by the beneficiaries and the dalals.

The third category, the provision of community services like health clinics, schools, transportation, and informal employment, were mostly shared between individual entrepreneurs and dalals, with a small complement from NGO's invited by the HDA. The director of the HDA used his considerable influence to get government departments, transportation agencies, police, banks, charitable health services, and NGO's involved with job training and educational services. Hasan records that all of these services either failed or were withdrawn once the leadership of the HDA changed. I speculate that such non-profit services were vulnerable to entrenched entrepreneurial interests. Without the institutional support and legitimacy of the HDA, such autonomous NGO's could not work effectively⁴². More importantly, the resistance of NGO's sheds light on an internal barrier to cooperation within the community. Individual entrepreneurs and dalals resist organizations that substitute their earning potential.

Recall that the original HDA justification to award fee-simple tenure to target beneficiaries had been precisely this-- to empower users to make their own choices, and by extension, to facilitate user participation and management of improvement programs. Did the implementation expediency of the HDA (that imposed successive restrictions on the users and their rights on the plot they received), undermine the beneficiaries to the advantage of middlemen?

First it is necessary to examine if there is any relationship between how beneficiaries felt about their block organizations, and the terms and procedures by which they received their plots. The survey⁴³ responses from different sectors are extremely varied and there is little correlation between the selection process used and the degree of participation in block organizations. On average, only about one third of the respondents in each sector

⁴²The limitations of delegating the developmental role of the state to Non-Governmental Organizations are discussed in detail by Tandler (1982). The report questions the assumption that the NGO's are more innovative, responsive, and effective in local development work. Her central argument rests on the observation that though well intentioned, the NGO is limited by its ability to force uncooperative actors to participate by its agenda.

⁴³Hasan 90: 52-83; Appendix 3/4

participated in block committee activities, irrespective of the procedure by which they were allotted a plot. There is however a noticeable increase in the percentage of people preferring to deal with the HDA directly, as the scheme progressed. While about two thirds of respondents in the earlier two sectors wanted to deal with the HDA, four fifths of users from the later developed sectors (E-3 and D-3) wanted to do so. This also corresponds to the increased number of users that purchased their plots directly from the HDA (rather than from dalals or original owners). Thus while the selection process did not necessarily ensure their participation, the greater engagement of the HDA in monitoring the process of land delivery and infrastructure development, was endorsed by 72% of the respondents who wanted to continue dealing with the HDA.

The size of a community group, and familiarity of the community had a direct bearing on its ability to gain consensus. HDA had created blocks of sizes ranging between 100 to 250 households, the optimum neighborhood size for minimizing infrastructure costs (specifically, sewerage and water lines).⁴⁴ The block organization was to be responsible for the collection of development charges and for the identification, budgeting, supervision, and payment of infrastructure development. With large development units however, not only was it difficult for the users to agree with each other, but there was also a conflict of interest built into staging and prioritizing delivery. A large group for instance would have a wide range of beneficiaries with different willingness and ability to pay for infrastructure in a coordinated manner. Even when collection difficulties were overcome, there was a problem with project horizons and delivery. From the point of view of the HDA for instance, infrastructure installation for a sector could be viewed as a single job, but for the individual users, the expectation was that their money yield immediate and tangible results.

The trunk supply line cost much money, and money from the second block was used to pay for part of this line which caters to both blocks, with the difference that one block has got the connections while the other has not⁴⁵. (Linden 89: 46)

Despite the above difficulties, sector E-4 was more successful than others in forming community coalitions because nearly all residents surveyed had first heard of the Khuda ki Basti from friends, and nearly two thirds actually had relatives living in the settlement⁴⁶.

⁴⁴The conflict between the tangible gains from engineering efficiency and unsure expected gains from community cohesion was a major issue amongst project planners. Arif Hasan in an interview.

⁴⁵Though the above mentioned case was attributed to initial "teething troubles", it is representative of the problem of justifying expenditure beyond the immediate neighborhood of the contributor.

⁴⁶Hasan 90: 56. Van der Linden's survey also points out that families were often very large, and 38% of the users actually occupied two plots, and 2% even occupied three plots. Most families were two or three

Here the HDA lost an opportunity to organize people in smaller groups because its allotment process which was based upon the random drawing of lots,⁴⁷ precluded the formation of self chosen groups based on familiarity (on regional, familial, or ethnic lines). In sum, the HDA goal of community participation was contingent on representative local leadership, appropriately sized neighborhood units, and familiarity and trust amongst their members.

Akin to land subdividing, the political representation and leadership of such settlements is a full time (and paying) job. What is more, the profession of leadership, is viewed by residents with mistrust.

There was strong pressure (to become a member of a block committee; pt) on one young man whom most of the inhabitants of a block thought to be honest and to have certain organizational qualities. He refused, saying that he wanted to be known as a decent person and not spoil his name by being a member. (Linden 89: 26)

Such comments are evidence of a dual structural problem. Not only are they indications of patronage and manipulation by speculators, but also signs of the unavailability of willing and able representatives amongst the residents of Khuda ki basti. Thus HDA's mission of incremental amenity provision was primarily dependent on legitimate and capable representation of residents.

Clearly, the ideal preconditions for incremental development were not common in Khuda ki Basti, and needed to be created over time. The incentives and disincentives for the users to organize varied with the interaction of different actors -- the HDA, dalals, private entrepreneurs, fledgling block organizations, and Non-Governmental Organizations (NGO's). The instances when users cooperate (or not) are discussed below.

- On occasions, the users organized themselves at the level required to deal with commonly felt needs. In D-6 for instance, when the residents were unable to pay bribes demanded by the local functionaries of the electricity board, they volunteered to dig holes for electricity poles, so that the money thus saved could be pocketed by the officials (Aliani and Yap 89: 11).

generation nuclear families. Often the eldest son and his wife would occupy a separate plot. There are also a few dalals who were given plots by the HDA in return for their role as middlemen.

⁴⁷Badshah 91: 235.

- As the case of the supply line in sector E-4 (described above) also suggests, under conditions of scarcity, users (sometimes groups of users) have more incentive to compete rather than cooperate. Moreover, the HDA was forced to make unequal provisions to compensate for cost over-runs or in situations where mismanagement occurred. While the dalal in such a situation would pass the losses to the users, the HDA had to internalize them. Despite this, the HDA was liable to be held up for “preferential” treatment by other sectors who had not received more compensation.
- The residents of D-6 were first instigated to organize when they felt that the HDA was going to withdraw from the sector, because it had not been able to target the poorest. They effectively organized to collect the required installment payments, and forced the HDA to fulfill its obligation for infrastructure.
- Users also tended to collectively voice their complaints to the HDA, in an attempt to persuade the government to provide better services. Even when three quarters of residents had received water connections from the HDA, they continued to complain about the lack of other services. Linden records several situations where residents were unwilling to contribute towards sewers and gas connections. This was because they expected the HDA to provide these services free of charge, as was the practice in other settlements that were regularized.
- A large majority of the users were vocal about their mistrust of dalals (Linden 89: 47). Though many of their complaints about extortion and short-dealings by dalals were valid, this loud rejection of dalals also reflects the coercive power of the dalals, and their ability to make the users pay (at premium) for the services provided. Once again, it is interesting that the users were not reserved in sometimes admonishing the HDA, and as easily appealing to it for help and arbitration.

In summary, three assumptions about conditions for cooperation amongst beneficiaries are disproved.

First, harmonious community participation cannot be assumed just because most residents have similar needs. Residents will compete with each other for scarce resources when for instance, infrastructure phasing is decided by the development authority. Also, in the case where block committee members were elected with a small majority, the defeated group would attempt to discredit the members by derailing development efforts (Hasan 90: 27).

Second, the assumption that community groups are empowering to users, is not always true. Large, identifiable community groups can be a threat to local power hierarchies. For instance, the muhajirs⁴⁸, an ethnic minority in Sindh, but a vast majority (78%) of beneficiaries, fled the site when civil disturbances occurred in the area. They were threatened by the surrounding landlords who played on ethnic differences, to take over the project.⁴⁹

Third, eventhough the HDA had created equal groups, of the same size and authority, it was unable to treat them equally because of incidental implementation problems. The E-4 case where the HDA itself was experimenting for the first time, required the HDA to take remedial action that favored one sector. Such incidents were immediately used to leverage favors by other groups, or at least to discredit the HDA.

Managing Tenure Security

As has been discussed earlier, speculators were partially filtered (by the HDA) by the delaying of the awarding of title, the (threat of) cancellation of allotments, and the requirement of use of the reception area. These filters were effective to varying degrees in restricting dalals and high income speculators. In this section I will argue that the sustained enforcement of these screening mechanisms is dependent upon the process of incremental infrastructure development itself.

Let me first recount briefly the barriers HDA constructed for dalals and higher income households, and examine how they affected the targeted user. From the perspective of a prospective allottee, the complete procedure to obtain a plot would be as follows. First the applicant, on hearing of the scheme, would take off a day of work to go to the site and verify the feasibility of a move⁵⁰. The applicant would then have to arrange the down payment required by the HDA, a sum equal to the average monthly wage⁵¹. This down payment was the first filter of applicants, though it eliminated the poorest families rather than those richer than the target group. When the concept of a down payment was first

⁴⁸The Muhajirs are refugees/ descendants from India or Bangladesh.

⁴⁹Arif Hasan, in an interview with the author.

⁵⁰Hasan records that this was a common pattern; before making a big commitment, it was reasonable for one family member to scout the conditions of the basti.

⁵¹In the final stage, the downpayment had increased to Rs. 1100.

operationalized (the amount was Rs. 460), the HDA rationale was to cover the cost of raw land, and HDA overheads. The amount was then raised to Rs. 910, because the HDA felt that some of the persons paying Rs. 460 could not afford the subsequent monthly installment of Rs. 50 (required to pay for future infrastructure provision). This therefore amounted to a conscious decision to establish a floor price based upon the allottees' likely ability to pay the subsequent instalments. The down payment amounts to a deliberate (if reasoned) filtering out of many families in the lowest tenth percentile of income, the professed target group, who did not have access to (formal or informal) credit or have the requisite savings. As a result, this filter favored consolidators rather than bridgeheaders.

HDA's partial success in enforcing the use of the reception area, can be explained in a similar way. For a combination of reasons, a family had the choice of circumventing the HDA requirement of staying in the reception area. As recounted before, the middleman could offer some entrants shortened stays at the reception area (by bribing monitoring staff) if the applicants purchased a plot with a house constructed by him. However the failure of the reception area is as much caused by higher income users as the dalal. The HDA had already been persuaded by earlier applicants that a reception area without shelter and adequate amenities was unacceptable because it did not allow privacy to the families of new applicants. The HDA was therefore also persuaded to raise standards of the reception area. As recounted earlier, the HDA had contracted a dalal to construct shelters in the reception area, which were rented out to desirous applicants at just below the market rate. Improving living conditions in the reception area defeated the original purpose of the HDA-- to test true need for shelter. There is no documentation that explains how it was possible that in the last sector (D-3), all of the beneficiaries received plots directly from the HDA but only 40% used the reception area. I speculate that the already increased standards in the reception area laid a precedence for delivering plots to actual users directly. However, even in the last phase, the reception area was not entirely useless. As indicated earlier, poorer bridgeheader families from outside Hyderabad could gain immediate access to the reception area at minimal cost. In these cases, by being openly accessible, the reception area enabled new migrants to apply for a plot directly without an up front financial commitment.

The reception area therefore was less effective as a mechanism of exclusion of richer applicants, than it was a mechanism to include poorer users that required immediate access to shelter as well. (In this respect, the reception area was similar to an informal settlement that allows immediate access to users, but at a cheaper rent and with some expectation of being awarded a plot.) Since there is no record of how many applicants were rejected at the

reception area, it is difficult to estimate the uncertainty of those who did use the reception area. The most that an applicant could actually lose, would be two weeks rent, and the transaction costs of relocation. When the scheme matured, the overflowing demand caused the HDA to impose a further restriction on entry to the reception area. An applicant was then required to make the full downpayment before entering the reception area, and even before the selection process began.

Once applicants were selected, HDA issued an allotment paper (not the title deed) to applicants. Receiving the title deed was conditional on the building of a house and inhabiting it in a prescribed period of time. Legally, the HDA retained the right to evict those that did not pay the monthly installments either. Thus from the perspective of the HDA, the occupation of a plot became a privilege accorded to deserving applicants, which in legal terms resembles a medium-term⁵² lease (with the added expectation of legal title at the end of the term.) The property was liable to revert back to the HDA unless the applicant fulfilled certain specified conditions. In order to limit speculation on plots, the HDA added a further restriction on the title-- resale was not permitted-- and re allotment was to be done by the HDA exclusively. Because of HDA's inability to keep track of resales, it revised this restriction, so that the new owner, and not the seller (the original allottee) was liable to pay a transfer fee.⁵³ To improve the chances of its collection, the block organizations were given the charge to collect and use the money on neighborhood projects.

Thus while the incentive to enforce transfer fees was with a block organization, the incentive to evade its payment was only with people with multiple plots for sale (because the fee would effectively lower the price the plot could be sold for.) Given that block organizations had been taken over by dalals and other speculators, the incentive to enforce transfer fees payments was poorly placed. Here too, it is relevant to reiterate that the legal requirement set by the HDA was only effective when offenders perceived that it would be enforced.

Tenure restrictions did not always restrict development itself. As in informal settlements, the threat of cancellation of allotment was mitigated by dalals, by the building of fairly permanent structures on the plots. Recall that the dalal paid a person to keep up the pretense that the plots were occupied (when actually they were not). This reveals the uncertainty of the dalal about whether building a structure was sufficient to prevent

⁵²The repayment schedule required applicants to complete payments over approximately an eight year period, though they could do so faster if they wished.

⁵³The fee amounted to Rs. 2000, about a fifth of the total HDA price.

cancellation. This also proves the usefulness of delaying the awarding of title. The HDA was most effective (and determined) to cancel plots in the second sector, when its relationship with the dalal was still uncertain, and the memory of its failure to target effectively in the first sector (D-6) was still fresh. Note that each (legal) restriction imposed by the HDA, created a parallel responsibility for the HDA to enforce it. The more severe the penalty, the harder it is to enforce it.

A beneficiary that fulfilled all HDA requirements did not have to worry at all about the possibility of cancellation and the restrictions on resale put by the HDA were mostly irrelevant too. These legal tenure restrictions by the HDA did not affect most users, only speculators. The responsibility of enforcing eligibility rested solely with the HDA, until the time that it also started impacting the users. Recall that after the riots in Hyderabad, when many of the houses were left uninhabited, the remaining users petitioned the HDA to reallocate unused plots. This was because they felt unsafe in the desolate neighborhood. The job of the HDA to identify unused lots was taken over by actual users, once it impacted them too.

Similarly, the restrictions on the reception area, were felt by applicants (who found the temporary shelter inconvenient) and dalals (whose potential clients were being screened out by the HDA). Though it is not clear whether the HDA submitted to pressure, or unilaterally eliminated the requirement, clearly the responsibility to enforce the reception area would not have been shared by either the beneficiaries or the dalals. (The new entrants who needed the reception area would not have representation before they arrived.)

In sum, legal security of tenure, the threat of eviction, is distinct from tenure security of different actors, unless it directly impacts them and is enforced. (No legal contract can be binding unless the offenders are convinced that they will be prosecuted.) Even though the HDA by default attempted to retain its control by prolonging the insecurity of the allottees, the control over the beneficiaries and dalals, decreased drastically once the users were reasonably sure they could not be evicted. (The HDA enforcement ability effectively reduced as the project progressed.)

This chapter first revealed the income, job stability, and traced the place of origin of the IDS beneficiaries. It is clear that the state agency was largely unable to anticipate its target group not only because of procedural constraints, but also because it did not have a clear conception of who it was selecting and who was being screened out. The dalals had a clearer picture of their prospective market only because they were able to deal on an

individual basis. This section also confirmed that the task of beneficiary selection is even more complicated because of the evolution of a settlement itself, and the fact that even to begin with, low income settlements are not homogeneous. The second section examined the barriers to gradual incremental development based on community group cooperation. Clearly, the IDS experience demonstrates that community organization is not a panacea for consensus amongst diverse interests and needs of the users. Also, scarcity of resources and entrenched interests are constant internal barriers to such organizing. Thirdly, the creative instruments used by the HDA to select beneficiaries were only partially successful. The HDA used a two pronged strategy. On the one hand, it attempted to create favorable situations ensuring greater access for the poorest, and on the other it set up several filters to discourage dalals and higher income users. While the HDA was distinctly successful with the former approach, its record with the latter was less so. For instance, during land delivery, the reception area was less effective as a mechanism to include poorer users. Meanwhile, HDA's tenure restrictions, aimed as disincentive for dalals, were only effective when the HDA was able to enforce them. The more stringent the HDA attempted to get with the dalal, the greater was the strain on its enforcement capability. The IDS suggests that the interaction of the state with the market and a wide profile of users must yield messy, and not completely predictable or rationalizable results. The concluding chapter that follows, explores what the conditions for replicability of such a development approach might be.

Chapter IV

REDEFINING OBJECTIVES

In the messy and confusing situations of real projects, analysts and officials can usually only identify prerequisites after they have implemented the project, if at all (Hirschman 1958).

In the opening chapter I described the theoretical precedence and perceptions of the strained development scenario in Hyderabad, that defined HDA's central objective as the awarding of freehold title and security of tenure to enable the poorest. In the second chapter, I described how the HDA struggle to keep control over the development process and the expediency of implementation, effectively transformed this objective into the restriction of rights of beneficiaries. I argued that the conditions and requirements of the earlier phases were different from the later ones when the settlement had matured. Also, the willingness of the HDA to work with dalals diminished as its ability to hold them accountable decreased. On the other hand, the dalals aided in removing unforeseen barriers that might have stalled the project. In the third chapter, I examined who the beneficiaries of the project were. I showed that HDA's flexibility in accommodating the dalal compromised its objective of targeting the poorest beneficiaries. Also, despite conventional expectations, the awarding of conditional title directly to beneficiaries did not completely prevent the coercion and patronage by the dalals and local leaders. Additionally, HDA's anticipation of participation between beneficiaries did not occur because the size of organizations and the scale of efficient infrastructure provision did not coincide. On the other hand, it was not the HDA awarded legal title, but the dalal brokered provision of infrastructure that enhanced tenure security of beneficiaries.

In the earlier chapters therefore, I have shown how the agendas of the development were transformed. In this chapter, I will assess the achievements of the Incremental Development Scheme, and recast HDA's agenda according to what was realistically achieved. In the first of three sections in this chapter, I will first briefly describe the unique

achievements of the Incremental Development Scheme, in comparison to exclusively state promoted sites and services projects and dalal developed informal settlements in Hyderabad. In the second section of this chapter, I will reframe a set of realistic criteria for evaluating success based upon these achievements. In the third section, I will restate the options and limitations for the state in pursuing joint development. I will speculate upon possible alternate actions the state may resort to. In the final section, I will speculate upon the implications of the goals and institutional limitations of incremental schemes like the IDS, on their effective physical layout. This exploratory section will attempt to set a framework within which development goals of the state can be enhanced.

Unique Achievements of Joint Development by Market & State

While it is not possible to comprehensively assess the costs and benefits of the scheme, and despite the numerous shortfalls alluded to previously, there are some features in its outcome that stand out as different from what has previously been achieved alone by either the market or the state. These achievements are significant not only as justifications of the Incremental Development Scheme, but also have bearing on future policy.

First, I was surprised to see that even though not all the beneficiaries of the Incremental Development Scheme belonged to the target income group, most of the allotted plots were developed and actually used. This is an unusual outcome in the context of Hyderabad, where speculation was so high that only 35 of about 15000 plots sold by the HDA in eight years had actually been built upon⁵⁴. This outcome of the project is inspite of the situation of scarcity of land and growing demand that ensure a perpetual sellers market.

Second, researchers agree that though settlements at the periphery begin with consolidators, (usually poor families with relatively secure jobs), as the settlement matures, it becomes more desirable for the higher income groups. In the Incremental Development Scheme, it is unusual that nearly 40% of the low income beneficiaries received land, many of them in the later stages of the scheme. Thus although less than a majority of users were poor, the fact that poor beneficiaries continued to get access to the scheme is remarkable. It is particularly pertinent that these target users that belonged to the lowest tenth percentile of income, had not found entry as owners in either the conventional schemes of the HDA or in illegal settlements.

⁵⁴Siddiqui 88: 5

Third, it is not insignificant that the Incremental Development Scheme was successful in leading the development in the urban fringe. Part of a state planned 1200 acre mixed-use development, the IDS was distantly located with poor access and no infrastructure. Other development initiatives by the HDA in the area had failed. Even the nearest illegal settlement (before the IDS was initiated) was over 6 kilometers away in the Kotri industrial area. Hence, without the combined assurances and efforts of both the state and the dalals, low income development would have been impossible at the time. An added indication of the catalytic role of the intervention is the fact that by 1990, another illegal settlement, Shaheen Nagar, had come up next to Khuda ki basti (Hasan 90: 39).

In summary, the most salient characteristic of the IDS was that it was successful in encouraging new owner-occupiers over owner-non occupiers. This was a combined result of many of HDA's creative implementation strategies, the most important being the substitution of legal title for users with conditional possession of a plot. This is a crucial policy lesson because though conventionally one would expect that release of land would encourage ownership, in a scenario of extreme scarcity (where large economic incentives to speculate on land exist), the state might need to distinguish between ownership for use and ownership for speculation for two reasons. First, if as in the IDS, the concern of the state is equity, hoarding of land can further exacerbate not only land values but also the patronage network for gaining access to land. In the Hyderabad case, local feudal landlords (wadheras), were responsible for several efforts to subvert the scheme. Second, if as in Hyderabad, speculation does not result in the creation of more housing stock, the ability of the HDA to efficiently direct development and plan infrastructure with limited resources would diminish. In terms of the IDS, the incremental provision of infrastructure would be hampered if a large number of users did not participate.

Reassessment of Criteria for Success

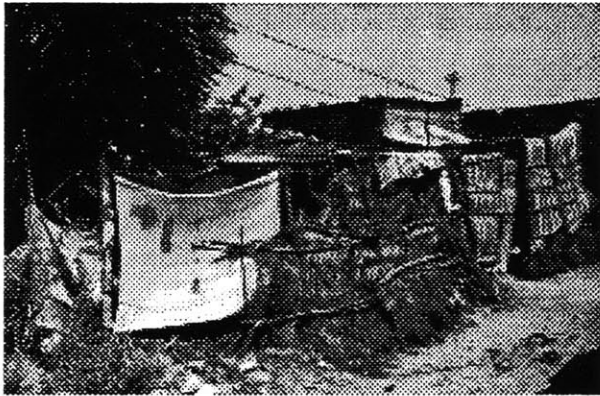
The framing of the original criteria for success itself reflected the tradeoffs between equity and efficiency reasoned by the implementing authority. As the IDS experience clearly indicates, the partnership of the state and market agents will result not only in a varied implementation, but also in the recasting of the agenda based upon the persistent objectives of each actor. In this section I compare the outcomes of the project with the original objectives, and question whether diversions from earlier goals are shortcomings or not.



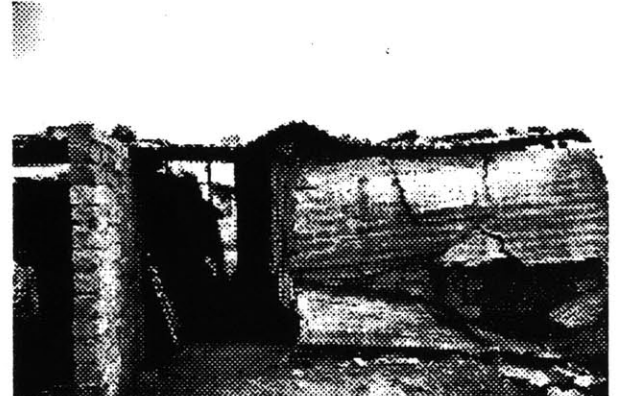
1. Sector D-6



2. Private transport to Hyderabad



3. One day old shelter



4. Improved shelter



5. Permanent shelter



6. Local tea-stall

6. Incremental Development in Khuda-ki-Basti

This exercise also reveals the areas of difference and agreement between the HDA and dalals.

- Targeting / Access to the poorest: The expectation of exclusively targeting a homogeneous income group proved to be unrealistic in the IDS. There are two reasons why this is so. First in terms of need, it is conventionally recognized that even in squatter settlements, the users do not necessarily belong to a single income group (Burgess 87, Payne 84). In the IDS, this spread of income could occur because of infiltration of the demands of the next higher income groups (say, consolidators), as much as because of the attraction of informal (self managed) enterprises, or the filtering up of beneficiaries that once belonged to the target income group.⁵⁵ Second, from the standpoint of implementability, the HDA agenda of targeting the poorest was in conflict with the profit motives of the dalal. As mentioned earlier, the HDA was more successful in ensuring access to the poorest (by keeping the option of open access to a reception area), than it was in excluding relatively higher income groups (who were able to avoid initial screening procedures).

- Security of Tenure: Of all the original assumptions of the HDA, its notions of legal and operational tenure underwent the most significant transformation. This is not surprising because by definition, tenure describes the agreements between parties about their relative rights and duties towards a certain resource (Bromley 90). Therefore, the change of tenure is a redistributive process that inherently implies conflicts of interest (Farvacque et al 92).

The HDA assumption of the importance of full legal title matched the conventional understanding, that freehold tenure⁵⁶ was a precondition for individual investment and that it empowered beneficiaries by decreasing their dependence on, and vulnerability to local patronage networks. In sum, these assumptions implied that freehold tenure was a necessary and sufficient condition for targeted incremental development. In the IDS experience, neither assumption was necessarily true. Indeed, for instance, it was to counter the threat of eviction that the dalals developed their properties. On the other hand, having fulfilled the precondition of habitation, the users were less liable to be evicted, and were therefore less obligated to fulfill other HDA conditions. Legal title, is therefore not

⁵⁵Several dalals, contractors, small tradesmen and entrepreneurs in the IDS originally belonged to the target group but moved up income-wise (Hasan 90, Aliani 91).

⁵⁶Freehold tenure is defined as the absolute ownership of land. No land-right owner is superior to the freeholder. The freeholders rights extend for an indefinite duration, are inheritable, and are only bound by laws of the land (Farvacque et al. 92: 46).

the only determinant of tenure security; location specific factors such as access to essential infrastructure⁵⁷, and proximity to jobs affect beneficiary security too.

In order to discourage speculators, the HDA resorted to the delayed awarding of title, and imposed restrictions on transfer of title. The results of these legal conditions were dependent upon their enforcement, which was facilitated by the fact that allottees had to physically demonstrate their possession and use of the plot. Certainly, when enforced, these restrictions were successful in weeding out non-occupier speculators. This perhaps is the feature that most distinguishes the projects outcome. When enforced by the state, delayed tenure conditional on the use of a plot resulted in the control of outright speculation on the basis of use and not household income.

- **Affordability:** HDA's interpretation of affordability was to phase entry costs in a manner that the target group could pay for the land and services. The down payment in its financing plan was based upon a concurrent estimation of the ability of a family to pay incrementally for the infrastructure. This criterion was not tested. Contrary to conventional understanding, even the poorest beneficiaries were able to raise money to meet down payments, the mandatory installments for infrastructure, and investment in improvements, without reliance on formal credit⁵⁸. On the other hand, the delayed payment plan increased the dalal's profit margin as the demand (therefore premium) for the plots was independent of the HDA set price.

Options for the State

This thesis sheds light on the opportunities and pitfalls of partnerships between the state and illegal subdividers in the development of land. My main contention is that the outcome of such a process is determined more by a series of circumstances rather than by the strategies of well meaning people. In the preceding chapters I described how the sequence of events effectively redefined the objectives of the project. I showed that not only did the incentives and terms of cooperation between dalals and the state change as the scheme progressed, but also that the state was unable to hold the dalal accountable (as in a formal contract).

⁵⁷Hasan notes that beneficiaries unanimously agreed to pay the HDA for piped water, without which their occupation of an allotted plot would be difficult.

⁵⁸Linden 89: 16.

The effective transformation of criteria for success reiterates the fact that the agenda of the state will necessarily be modified by the interaction with market agendas, in a scheme like the IDS. A partnership with dalals requires the state to be prepared to be flexible about its plans, targets, and implementation methods.

Dalals have their own agenda dominated by their profit motive, which may clash with that of the state. The dalal has the ability to deal opportunistically on a case by case basis, while the state is restricted to imposed decisions from the top and is influenced from below. Further, as the development agency can be influenced by political pressure applied by dalals (the state is clearly not a monolithic, consistent entity), it is vulnerable when it takes strong action. This is illustrated by the following incident that occurred as a result of the IDS:

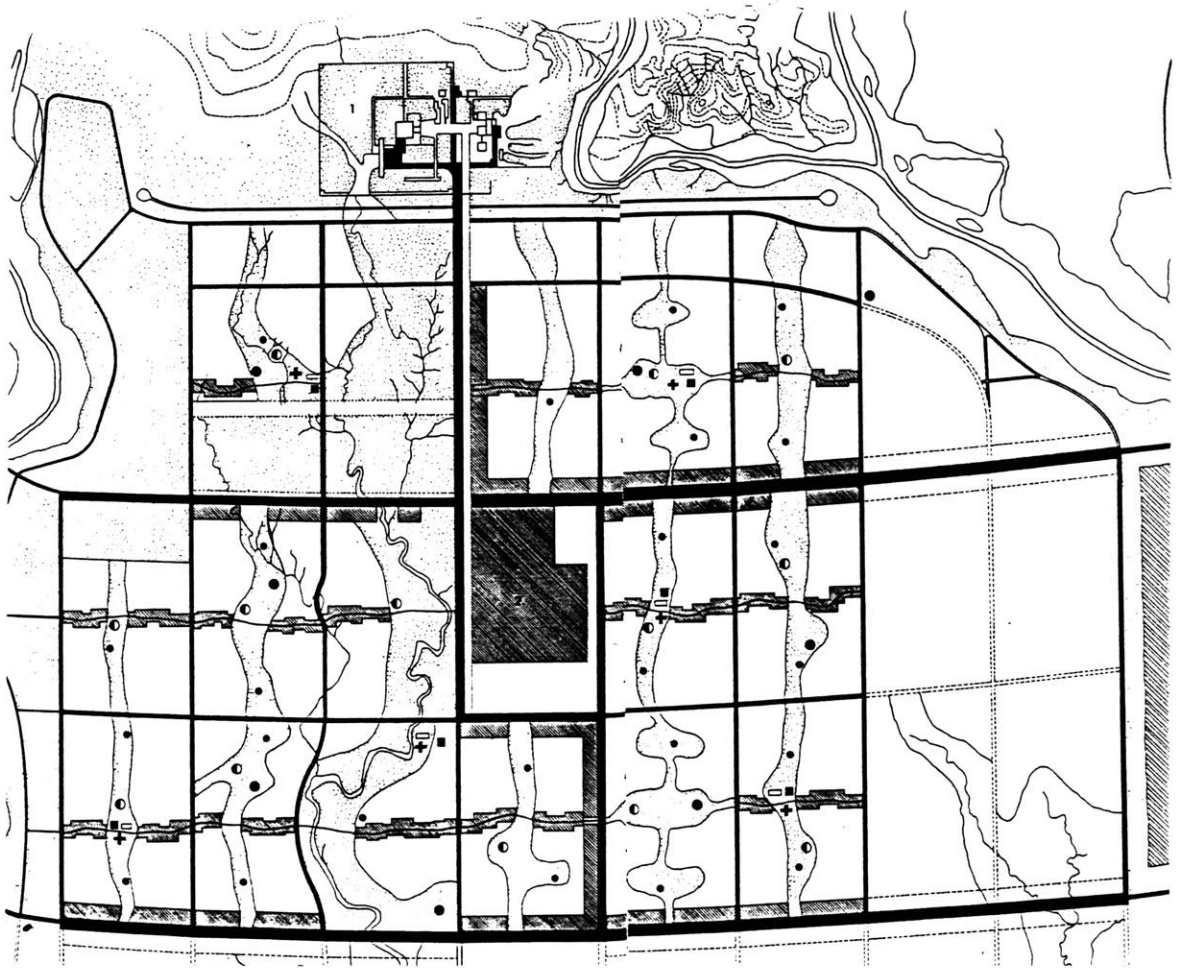
Tasneem Siddiqui, the Director General of HDA, the initiator and the driving force of the project, was eased out of office because he was inconvenient to powerful local interests and co-opted functionaries in the government. He is presently on a five year leave of absence from the civil service, and is currently setting up a Non-Governmental Organization (with Arif Hasan), Sahibaan, that hopes to work on similar housing issues⁵⁹.

Third, despite the obvious barriers to cooperation, the state cannot avoid the presence of the illegal market. The best that the state can do is to improve the bargaining position and leverage of beneficiaries and public agencies.

In the Khuda ki basti itself, several beneficiaries complained about the self-serving and oppressive dalal. On the one hand, the dalal backed out of obligations towards improvements in the basti. On the other hand, the coercion by the dalal evoked strong disapproval, and a consequent affirmation of faith in the HDA. "We do not need leaders; let HDA do the work directly with us; when they work through the members, it causes losses to us." (Linden 89: 47)

Perhaps one indication for a future strategy is the fact that the IDS opened choices to beneficiaries that they had not received earlier. The partial success at mobilizing beneficiary demand, at the cost of inefficient and "messy" results, suggests that the state cannot and

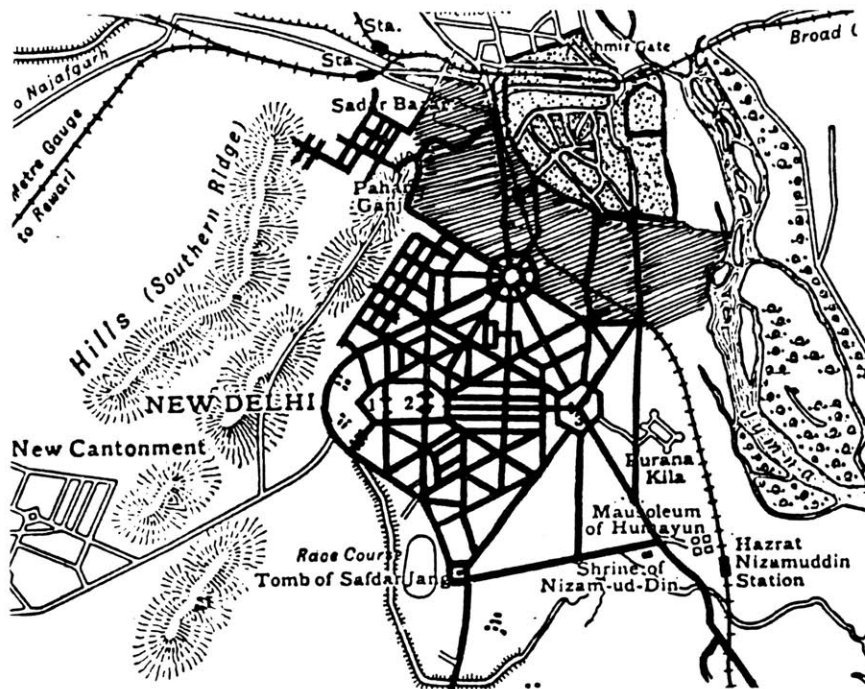
⁵⁹Arif Hasan, in an interview with the author.



CHANDIGARH: STREETS, 'CIVIC' PLACES, GREEN AREAS, INSTITUTIONS, CONTROLLED BY THE GOVERNMENT; REST MANAGED BY THE USERS.

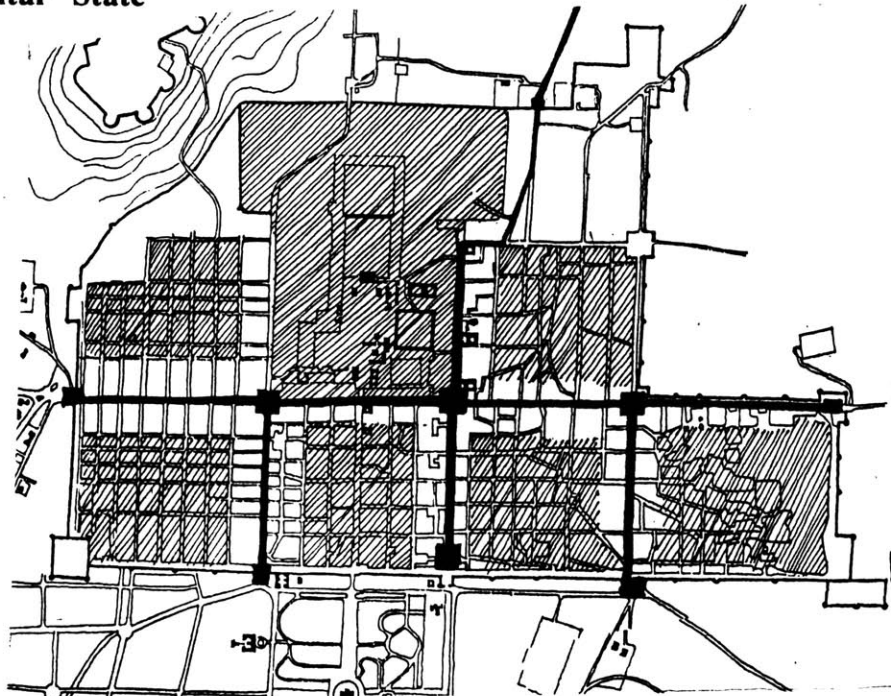
1. The 'Liberal' State

7. Expressions of State Authority



NEW DELHI: CONTROLLED PUBLIC SPACE AND 'SEPARATING' CORDON.

2. The 'Instrumental' State



JAIPUR: MAIN STREETS AND SQUARES DIRECTLY CONTROLLED BY THE RULER. CEDED LAND ADJACENT TO PRIVATE USERS. INTERIOR OF BLOCK NOT CONTROLLED BY RULER.

3. The 'Structural' State

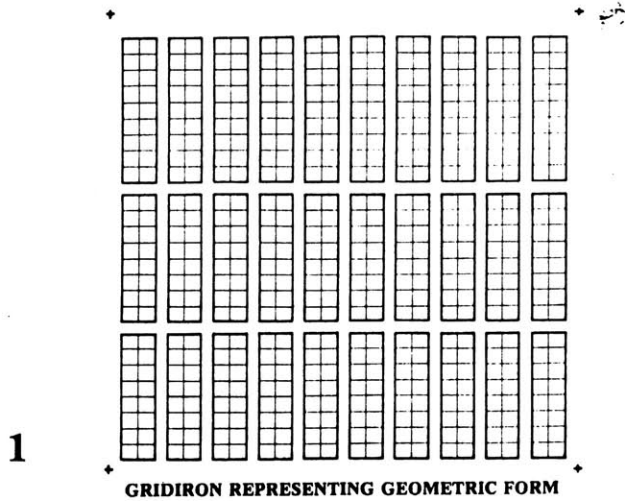
7. Expressions of State Authority

perhaps should not expect to restrict its targeting to beneficiaries to a particular sub-market, or its development strategy to only state directed development. Direct subsidies to the poorest in the form of vouchers, development credit, increased access to information, and the organization of beneficiary groups would all empower users in bidding for market or state produced options. Instead of viewing them as a failure, the mixed results of the Incremental Development Scheme can therefore be seen as a success in opening new choices. Certainly an incremental development scheme is useful for the channels it opens through the process of development itself. Most importantly, the state is not a free agent. The options it chooses and its ability to force results is impacted by its environment. Perhaps such a charged situation requires small incremental changes at the local level, and larger, less specific regional actions. In the next section, I will explore a framework within which physical decisions by the state can be made in the context of the above institutional limitations.

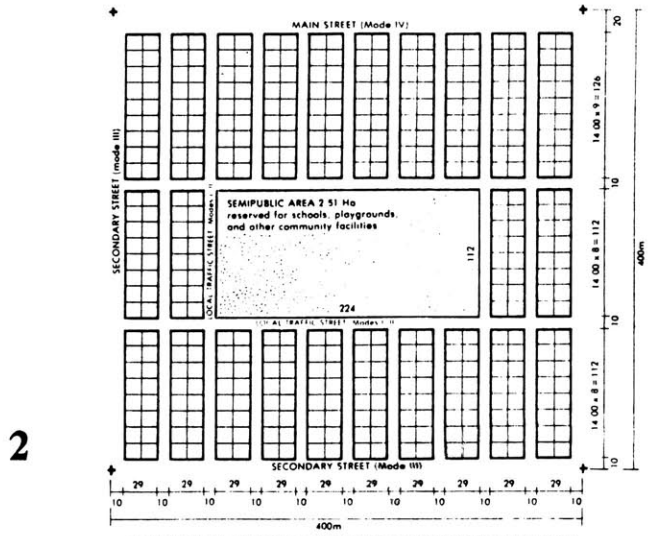
Implications of Physical Layout Decisions

This section is exploratory and speculative. It draws from diverse literature and proposes a framework to study the physical implications of the institutional constraints encountered by incremental development schemes. The section is organized in four parts. In the first part, I will discuss the opportunities and constraints of physical decision making. The second part observes the relationship between the state's enforcement powers and objectives, and the structure of physical plans it promotes. Here, I will take the example of three "new" city plans-- Chandigarh, New Delhi and Jaipur-- to make my case. The third part will define the context of development, and study existing prototypical approaches at the scale of the settlement, neighborhood and plot. The fourth part takes the example of the Incremental Development Scheme, and derives a set of possible physical objectives from a list of development goals. These objectives will then be diagrammed, not as definitive solutions but as illustrations of the advantages and limitations of reducing complex, diverse, and ephemeral goals into direct, similar, and enduring physical decisions.

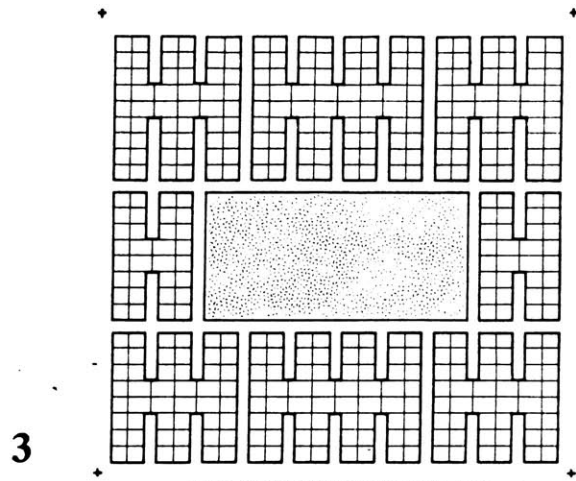
- Sequencing Development : Current debates about the role of the state in urban development, basically defer on whether physical and infrastructure planning should precede or follow the occupation of land. The protagonists of pre-emptive state intervention argue that urbanization is wealth producing and hence calls for advanced planning that organizes and redistributes the gains of urban development (Doebele 85).



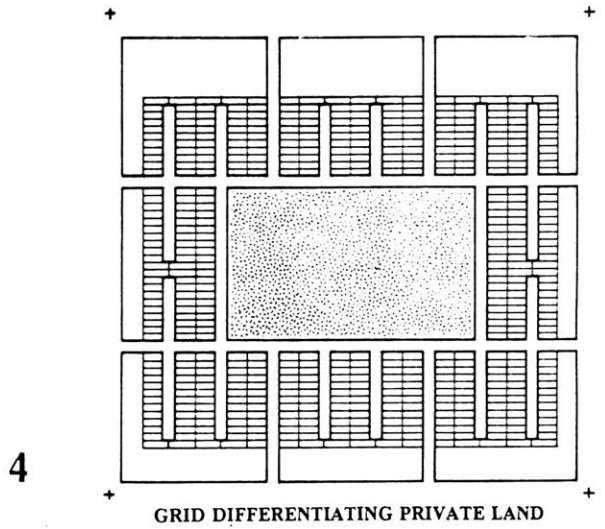
GRIDIRON REPRESENTING GEOMETRIC FORM



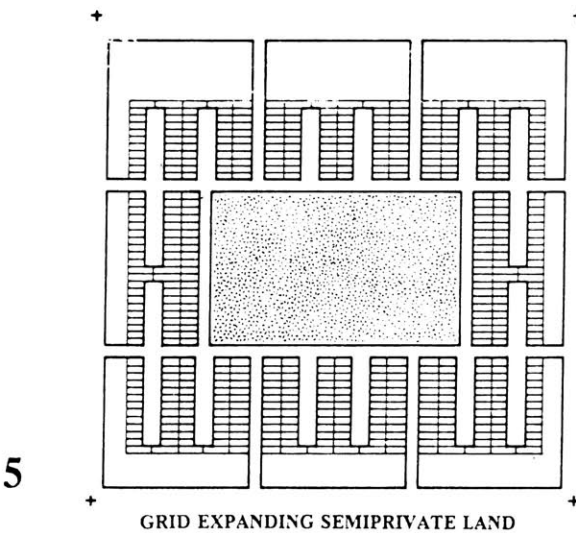
GRIDIRON INCORPORATING SEMIPUBLIC LAND



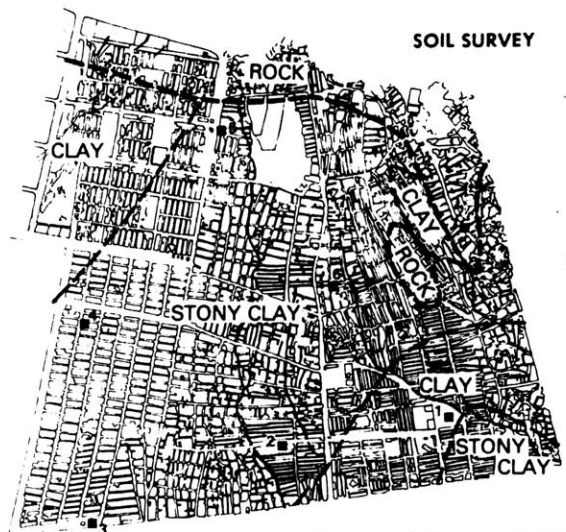
GRID MINIMIZING PUBLIC LAND



GRID DIFFERENTIATING PRIVATE LAND



GRID EXPANDING SEMIPRIVATE LAND



Informal Sub-divisions: Baldia

8. Rationalising Layouts at the Settlement Level

On the other hand, the opposite position is taken by scholars who argue that planning, not urbanization is wealth producing, and that the state is in fact responsible for the persistent decline of opportunities for the poor (Baross 90, Gilbert 90). Therefore, while the first view would endorse physical planning that opens land for low income shelter, the latter recommends that the state should defer action until after the poorest, disenfranchised populace gains (illegal) access to uncontested (undeveloped) land.

However, the case of the Incremental Development Scheme suggests that these views, instead of being mutually exclusive and irreconcilable, are extremes belonging to a single continuum of possible relationships between the state and the (informal) market. I argue that both the above perceptions of urban growth accurately describe facets of urbanization in fast growing cities in the subcontinent. Whether the state should be involved in planning urban growth, or how it should be implementing plans, or whom these plans should be directed towards, are all important questions and must continue to be debated. However, in the present stressed scenario with exploding demand, the deciding factor is often what the state can do, rather than what it should do⁶⁰. The explicit attempt in the Incremental Development Scheme to reconcile market and state agendas and abilities, opens the possibility of considering a reciprocal and iterative planning strategy that both prescribes development and accommodates initiatives on the ground. This idea is not new. Guided Land Development, a planning strategy where the state identifies and manages future growth areas in consultation with existing landowners and occupiers, is already being practiced in Djakarta, Indonesia. However, this strategy does not need to account for a situation where the government-- not private interests--owns most of the land on the urban periphery, as in Hyderabad. Nor does the guided development concept accommodate (speculative) interests that are likely to follow the development. Most importantly, the guided land development idea relies upon the enforcement ability of the state, an assumption that the IDS experience suggests cannot be made easily.

- Reading Notions of State Control: In this part I will examine three “new” city plans which embody different agendas for exercising state control in their layout. The plans of all three cities, the democratic state capital Chandigarh, the colonial capital New Delhi, and the feudal capital Jaipur, suggest that in each case the state perceived its own authority over

⁶⁰Baross observes that concurrent with the state’s appreciation of the sequence of illegal subdividing “Occupation> Building> Services> Planning”, development agencies have improved their ability to implement a planning cycle similar to that in the Incremental Development scheme, “Planning> Occupying> Building > Services” (Baross 90: 77).

the city development to be complete. However, these plans characterize three different conceptions of the state (Gilbert and Ward 85). In the illustrations, the darker shaded portions indicate areas of state control.

The Chandigarh plan, adopts the “democratic” (western) grid structure, and assumes direct state control of streets and civic spaces-- institutions, commercial areas, and green spaces. This typical representation of the liberal state, accommodates citizens of all income groups in integrated and undifferentiated privately owned neighborhoods. The Chandigarh plan is optimistic of the state’s ability to protect the interests of the poor, and scarcely envisages any threats due to conflicts of interest.

Lutyen’s colonial plan of New Delhi displays a clearer hierarchy of interest and control. The deliberate and highly articulated layout of the new extension terminates abruptly, around a ‘cordon sanitaire’, a deliberately enforced no-mans-land that separates the old city (where the natives live) and the capital area (which houses the seat of government and the residences of its administrators). This illustration of an instrumental state, explicitly reinforces the interests of the power elite by separating and creating an exclusive and independent enclave, with clearly controlled access.

The feudal plan of the walled city of Jaipur characterizes the authority of the structuralist state. Planned in the early eighteenth century as a traders city, and dependent upon the mobilization of resources of rich traders, the plan of the city exhibits the tenuous authority of the king. Here, the state controls and constructs the fortifications (around the perimeter), and the clear hierarchy of streets and public squares (where the commercial areas are located). Large lots along the main streets were ceded to rich traders and courtiers invited by the king to participate in the creation of the city. The king controlled all other lands surrounding the private holdings, thereby retaining absolute control over the elite, thus fulfilling the dual nature of the structuralist state-- the promotion of the interests of the elite, but also their control by the state.

- Layout of Contemporary Low Income Settlements: It is curious that at the settlement level most conventional sites and services projects and many larger illegal subdivisions internally resemble the open-plan gridded layout of Chandigarh. On the other hand, these settlements are often introverted and separated from surrounding planned development. (While the sectors of the IDS are identical to others in the Gulshan-ai-Shahbaz development, each sector is intended to focus inwards.) Since there is a tendency for such settlements to take on the characteristics of upper income formal settlements as they mature,

DEVELOPMENT OBJECTIVES	ORGANIZING STRATEGY/ POLICY	PHYSICAL IMPLICATIONS
<ul style="list-style-type: none"> • Co-opt the initiative of the dalal. 	<ul style="list-style-type: none"> • Use dalal to 'lead' development. • Make dalal deal equally with all government agencies. Collective demand-making of this form is a strategy commonly used by governments trying to reduce endemic clientelism (Fox 92). 	<ul style="list-style-type: none"> • Conditionally cede remote/ peripheral land to dalals • Concentrate distribution centers of government services.
<ul style="list-style-type: none"> • Control speculation from outside. 	<ul style="list-style-type: none"> • Use dalal as monitoring agent. 	<ul style="list-style-type: none"> • Surround government controlled land with privately monitored uses.
<ul style="list-style-type: none"> • Encourage the formation of neighborhood organizations 	<ul style="list-style-type: none"> • Internalize costs, benefits, and decision making for shared resources. • Introduce a 'community land trust' management model. • Adopt an infrastructure strategy that can be initiated at cluster level, and upgraded to bigger networks later. • Allow applicants to choose their plots on a first come first served basis. 	<ul style="list-style-type: none"> • Delineate neighborhood. • A multi-centric, hierarchical layout rather than an open grid plan. • Create coincident boundaries for people and projects. • Use reception area as a 'holding area' where small groups of allottees are expected to organize and choose their neighbors.
<ul style="list-style-type: none"> • Provide easy access to poorest. 	<ul style="list-style-type: none"> • Provide a government controlled but open access reception area. 	<ul style="list-style-type: none"> • Locate reception area where it can be monitored by the state.
<ul style="list-style-type: none"> • Lower development costs for target group. 	<ul style="list-style-type: none"> • Cross subsidize development through 'land banking'. • Lease / rent reserved lots for short term. 	<ul style="list-style-type: none"> • Locate reserved plots in areas which are likely to appreciate the most. • Locate reserved plots where they can be easily monitored. • Maximize corner lots. • Minimize circulation area.

I conjecture that this introvertedness is a condition for the initiation of a low income settlement. This introvertedness may be alternatively an indication of the need for such fledgling settlements to guard against more dominant development interests, or a reflection of the need for low income groups to identify with each other.

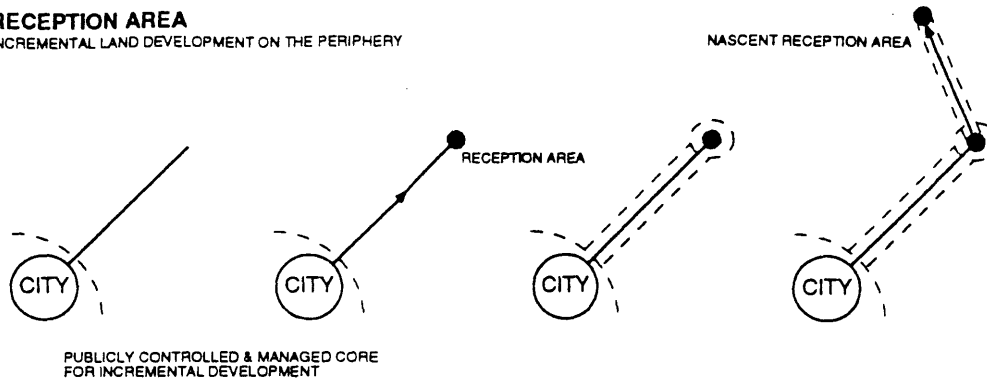
The typical problem with making physical decisions is that they have to be made to a large extent before any beneficiaries and interest groups are on the ground. The conventional method of dealing with layouts for low income settlements is to treat it as an efficiency problem (Camino and Goethert 78, Bertaud 82). This approach allows the streamlining of multi-sectoral decision making (financial, engineering, institutional, and architectural), and illustrates the tradeoffs between cost saving and value maximizing layout options. To a limited extent, the Bertaud model even deals with issues of fungibility⁶¹ of land, in the sense that it can illustrate the financial implications of (say) maximizing the number of valuable corner lots, and the consequent costs of increased circulation area. Though rarely used as such, the Bertaud model also allowed for these decisions to be taken in participatory workshops where prospective users could be asked to make those choices. While, as in the IDS, the size of neighborhood units have conventionally been determined by infrastructure staging efficiency criteria, more recent experiences with upgrading schemes as in Karachi, suggest that clusters of 30 to 50 families are more likely to be able to take participatory decisions in incremental development⁶². Design at the plot level has been dominated by decisions about plot ratio, and as in the IDS, a concern for enforcing adequate ventilation and light conditions on each plot (in the IDS, the HDA introduced a highly inefficient back lane for the purpose). In general, these decisions have been least enforceable. The prescription of smaller scale layouts has been to minimize common spaces, on the basis that they increase costs and are least maintainable.

The main shortcoming of this approach is that it views the land itself as a relatively neutral commodity. Physical planners are put in the position of having to either first-guess the specific priorities of eventual users, or to rationalize physical decisions on the basis of larger, more general parameters. In fact, it is this family of problems, that the HDA was confronting in the Incremental Development Scheme. If as argued previously, it is expeditious and desirable for the HDA to replace the distribution of freehold tenure with a range of restrained but more accessible tenure options, then a new agenda for physical

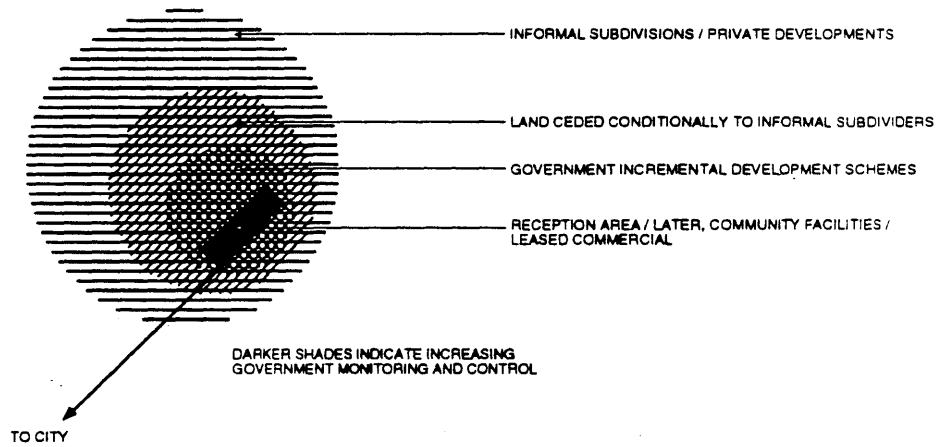
⁶¹The concept of fungibility recognizes that each piece of land has unique characteristics.

⁶²Arif Hasan, in an interview with the author.

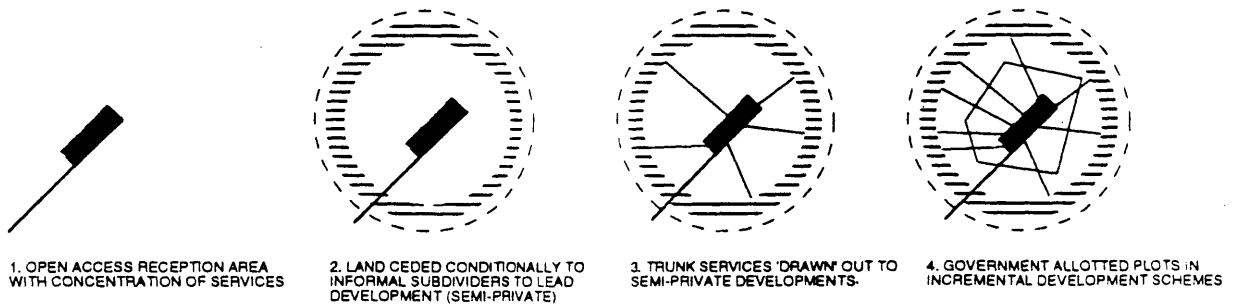
RECEPTION AREA
INCREMENTAL LAND DEVELOPMENT ON THE PERIPHERY



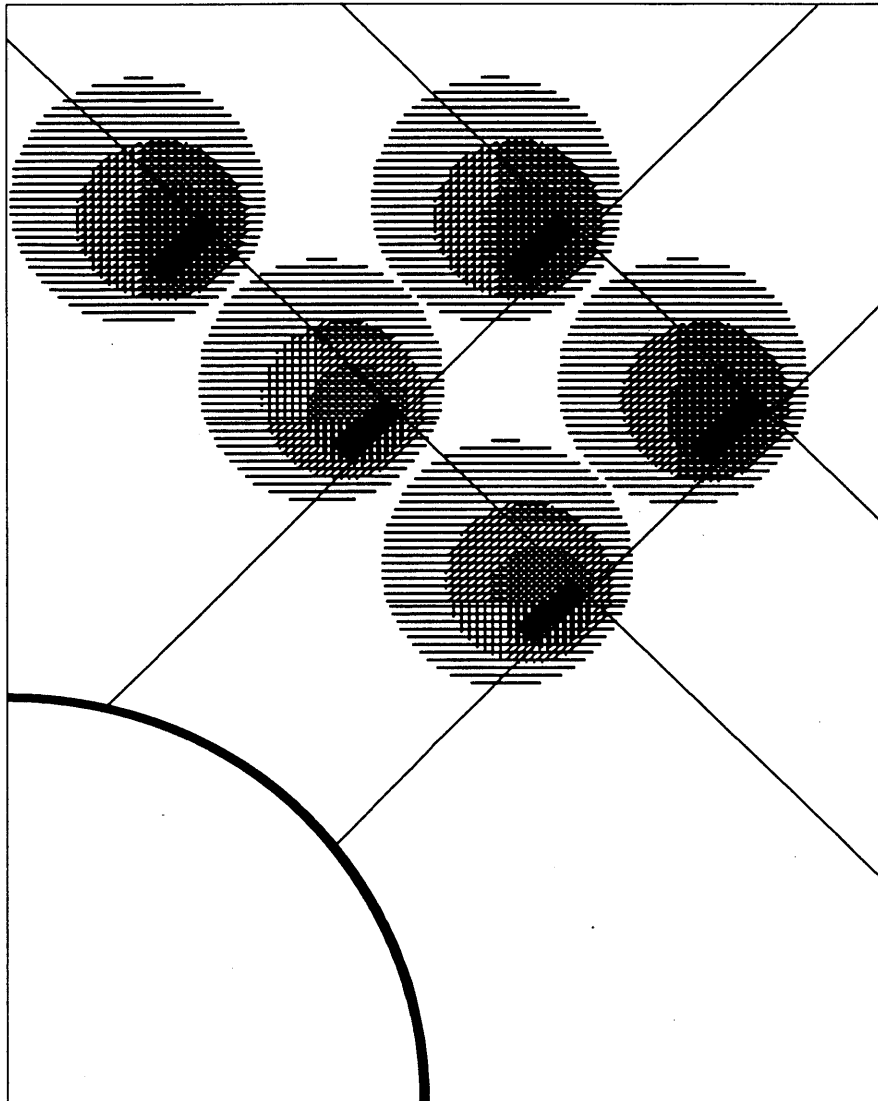
LEVELS OF STATE CONTROL



SEQUENCE OF DEVELOPMENT



9. Reconciliation of conflicting development interests



10. Expressions of State Authority:
Possible multicentric expansion on the urban
periphery

decisions emerges. Simply, the layout agenda would be to organize and locate different interests in a mutually reinforcing manner. Researchers agree that the task of land delivery and management is essentially the description of tenure arrangements that are most capable of reconciling the contradictions between the public and private natures of land. (Doebele 83).

- **Context:** The context for new development can either be characterized as one that leads other development on the urban periphery (as in the Incremental Development Scheme), or an infill of existing development. Government sponsored low income projects usually belong to the first category, and illegal subdivisions to the latter. In the following part, I will concentrate upon the characteristics of state initiated leading development at the periphery.
- **Reconciling Conflicting Development Interests:** In consonance with the experience of the IDS, the three major actors that need to be reconciled in the development are the state, the dalals, and the users. The accompanying matrix highlights some of the HDA's development goals and lists possible policy and physical implications. The assumption here is that the state owns or controls the land in the beginning. This allows the state to exercise some development controls, at least to begin with. The overall context as in that of the IDS, is one where the state cannot expect to have total control over the agendas and actions of different actors. This is represented by the diagram that accepts that the state would have different of spheres of influence. In areas which it owns, controls, and manages directly, the state's influence would be the most, and in areas that are owned privately, its responsibility and ability to control would be relatively less. Therefore, by recognizing the important features of the interaction of different interests it is possible to prioritize the areas where the intervention of the state is most desirable, critical, and feasible.

The advantage (also shortcoming) of layout organization is that a diverse set of goals can be achieved by a single physical decision. For instance the reception area, which is amenable to the strongest monitoring by the state, can at once be the physical location for the coordination of its diverse activities. The reception area could be the location of regional service distribution, an open access holding area for the poorest, site offices for development agencies, the commercial and transportation hub, and the focus of community facilities. The reception area could also be land held in trust by the state or local government to internalize land value appreciation. By the same reasoning, speculation would be better monitored by private interests at the periphery of the development, or by

dalals themselves, as was the case in the first phase (sector D-6) of the IDS.

The development energies and the initiative of the dalal can be used to extend services to the periphery of the settlement. In Hyderabad, this occurred without a plan, in the form of Shaheen Nagar, an informal settlement at the periphery of the Khuda ki Basti. In normal circumstances, the dalal would usually wait for the HDA development to happen before he would develop the outlying areas (as was the case in the IDS). Depending upon the situation, the HDA could provide incentives to dalals to lead the development (as was tacitly done in D-6) by implicitly or explicitly ceding land which is adjacent to the new development but removed from the serviced areas. The logic of locating this ceded property would be to at once use the dalal to monitor the land the state expects to develop itself, and to use the dalals initiative to extend services from the service distribution hub at the reception area, through the state controlled property, and out to the dalal promoted development. This extension of services would effectively subsidize the cost of trunk infrastructure for the government controlled land. The sites of future Incremental Development Schemes, would be open to applicants who undergo a state monitored screening process through an open access reception area.. For the poorest migrants, this holding area could also serve to familiarize groups. Perhaps a delivery strategy where groups of applicants are allotted land as a group, rather than as individuals, could also be experimented.

The ensemble of different development modes are intended to provide an array of overlapping and competitive choices. For each unit of state developed sites, three or four times the land would be released to other developers. The organizing strategy of each ensemble is the centrally located reception area and amenity center. The relationships between different development and user groups are reinforced by this strong interdependency reinforced by location. In sum, the physical strategy would be for the state to be a catalyst of concentrated growth, leading to a flexible but multi-centric extension.

There is after all, room for more than one Khuda ki Basti.

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ILLUSTRATION CREDITS

Fig. 1, 4, & 6.		Akhtar Badshah
Fig. 2,3, & 5.		Aliani, 1991
Fig. 8.	Diagrams 1-5 Diagram 6	Camino & Goethert, 1978 Schoorl <i>et al</i> , 1983
Fig. 7.	Diagram 1 Diagram 2	GA #30, 1974 Vale, 1992
Fig. 7. Fig. 9, 10	Diagram 3	Author